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Daily Report

Central Eurasia

FBIS-SOV-95-039
Tuesday
28 February 1995

Daily Report
Central Eurasia

FBIS-SOV-95-039 28 February 1995

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Political Aspects of Caspian Pipeline Issue

954Q0135A Moscow NOVOYE VREMYA in Russian No 5, Feb 95 [Signed to press 31 Jan 95] pp 12-14

[Article by Radiy Fish: "Will the Pipeline Triumph Over War?"]

[FBIS Translated Text] The contract with a consortium of Western firms for exploitation of the oil reserves of the Caspian shelf and laying an oil pipeline across Azerbaijan and Armenia to Mediterranean terminal points in Turkey was drawn up by then President Elchibey. The contract also conformed to the interests of Armenia, with which Azerbaijan is essentially in a state of war, insofar as it ensures steady hard-currency income and a constant source of energy supply, as well as guaranteeing Armenia stability in its relations with both Azerbaijan and Turkey.

But in the event the project is realized, Azerbaijan would move out of the Kremlin's sphere of influence, which would make entirely real the threat that republics of Central Asia, and perhaps the Volga and Northern Caucasus republics as well, might also move out from under Moscow's wardship. To date the access these regions have had to the world market is exclusively through Russia...

At the instant Armenia and Azerbaijan were prepared to sign the treaty on a peaceful settlement in Karabakh, drawn up by the United States, Turkey, and Russia, Moscow demanded that only Russian forces be used in Azerbaijan as peacekeepers.

People in Azerbaijan have not forgotten January 1990, when Soviet Army units were sent into Baku on Moscow's order under that same peacekeeping pretext. One of the capital's central squares, where dozens of casualties of this peacekeeping effort are buried, today bears the name "Avenue of Martyrs." The metro station named "Tenth Red Army" was renamed "20 January," and a plate was inserted into its wall with the names of people who died here as a result of the explosion engineered by saboteurs from Russia's Main Reconnaissance Directorate.

Elchibey rejected Russia's peacekeeping effort. And then Suret Guseynov appeared on the scene.

The former director of a wool-beating factory, he scraped together a feudal-mafia detachment, supposedly from his own funds, refused to subordinate himself to the Baku authorities, and concealed himself in Gyandzha, in the territory of Russia's 104th Airborne Division. Obtaining the division's heavy armament, he initiated an insurgency, hoisted up a red flag over the city, and moved tanks towards Baku. At the same time, little-known Colonel Aliakram Gumbatov proclaimed the operetta-like "Talysh-Mugan Independent Republic" in southeastern Azerbaijan.

Elchibey was threatening the same scenario that had been played out in Georgia. He abandoned Baku and withdrew to his native village in Nakhichevan.

Elchibey was a romantic, of course, like his deceased Georgian colleague. I myself had occasion to see him exclaim, during the meeting of heads of the Turkic-speaking countries in Ankara, following passage of the honor guard: "Yashasyn kakhraman Tyurk askerleri!"—"Long live the heroic Turkish soldiers!" His eyes teared up and his hosts had difficulty holding back smiles...

But We Do Not Need Bases

As a result of the coup, Geydar Aliyev acceded to power in Azerbaijan—former KGB chairman and first secretary of the Central Committee of the republic Communist Party, later member of the Politburo of the CPSU Central Committee. They could hardly hide their satisfaction in Moscow. The Russian ambassador to Baku declared: "Without a doubt, Aliyev will alter the course of the Azerbaijan ship of state in Russia's direction." And that is the way things looked at first. The signing of a contract with Western companies was suspended, and the republic joined the Commonwealth. The first visit Aliyev made was to Moscow.

But when Boris Yeltsin's edict on the establishment of Russian military bases in all CIS countries, without exception, was issued, the opposition in Azerbaijan erected a wall. The leader of the influential Party of National Independence stated: "I do not envy any republic leader who risks assuming responsibility for turning Azerbaijan into the military proving ground of a foreign state. He will not escape general disgrace." Aliyev heeded the warning: "As long as I am the head of Azerbaijan, there will be no foreign bases in the territory of the republic."

A response followed immediately. Armenian troops began a large-scale offensive. They moved to the Iranian border, directing their main thrust in those areas where the pipeline was to pass, driving out tens of thousands of peaceful residents.

Heavy military losses compelled the Azeri leadership to take up negotiations with Moscow...

The Commander-in-Chief Becomes Commander-In-Chief

Aliyev's tremendous political experience, his knowledge of all the overt and covert buttons to press in directing the bureaucratic apparatus, society, and the state, and the conviction that any ideology is nothing more than a justification of one's actions, enabled him to make one winning move after another.

First of all he had to bring order to the undisciplined, mercenary army composed of semi-mafia, semi-feudal detachments. General Mamedrafi Mamedov, deputy chief of the General Staff Academy, was invited from Moscow to assume the post of defense minister. No great military leader perhaps, but he was a proponent of strict discipline.

Insubordinate partisan contingents were disbanded, the commanders of mafia detachments like Suret Guseynov's were reshuffled, and armed bands of criminals were dispersed.

General Mamedov managed to achieve what Elchibey could not—he succeeded in subordinating the army to the commander-in-chief, i.e., to President Aliyev. Afiyaddin Dzhalilov, raised in Aliyev's family and—if you believe the rumors—his illegitimate son, wound up in the position of deputy speaker of the parliament (Milli Mejlis).

Shamis Ragimov, a long-time Aliyev colleague in the KGB, headed a special directorate under the president, and reported directly to him on matters of an internal political and economic nature. The position of deputy chief of the Azerbaijan State Oil Concern was assumed by Aliyev's son Ilkham. The former minister of defense, accused of bringing about military defeat, the organizer of the "Talysh-Mugan Republic," and other prominent enemies of the president were put behind bars.

External political problems were not forgotten either. While Elchibey seemed not to look Russia straight in the eye, Aliyev oriented himself well in the internal Russian struggle among industrial-financial groups. If Pavel Grachev represented the powerful military-industrial complex, he should then be expected to oppose the no less influential fuel and energy complex. Aliyev offered the Russian company Lukoyl 10 percent of profits accruing to Azerbaijan from exploitation of the oil-bearing shelf jointly with the Western consortium.

It was the right choice. Nominally a commercial firm, Lukoyl belongs 80 percent to the state, i.e., is run by officials and may serve as an example of Russian nomenklatura capitalism.

A Little Piece for Lukoyl

Following the referendum which acknowledged Geydar Aliyev's legitimacy as head of state, Republic of Turkey (one of the guarantors of settlement of the Karabakh conflict) President Suleyman Demirel stated: "Turkey will not go to war to rescue Azerbaijan."

But shortly thereafter, Turkish Prime Minister Tansu Ciller, during her visit to Moscow, smiled charmingly at her colleagues and expressed Turkish resolve to resort to military force in the event of continued Armenian aggression. Here she was immediately supported by General Gures, chief of the General Staff of the Turkish Armed Forces. In his words, "Russia presents a far greater threat than did the former Soviet Union."

During his visit to Ankara, Aliyev was tactfully given to understand that Turkey must coordinate its Transcaucasian policy with the United States. But General Gures' words were intended primarily for several American senators, who had decided that following elimination of the Warsaw Pact there was no need to provide Turkey the same kind of military and financial assistance it received for decades as the guardian of NATO's southern flank.

On 20 September 1994, the contract more than three years in preparation between the Azerbaijan oil company and the consortium of Western companies headed by British Petroleum, Amoco, and other U.S. companies, in addition to Norwegian and Turkish firms, was finally signed in Baku.

The ceremony was conducted in a grand and jubilant environment in the presence of officials, including from Russia's Fuel and Energy Ministry. Seventy percent of the profit-making oil, i.e., oil produced after paying off capital and operating expenses, went to the Western consortium, 20 percent—to Azerbaijan, and 10 percent—to Lukoyl. Project implementation, in the estimate of specialists, promised to provide Azerbaijan with $70-80 billion.

Where To Lay the Pipeline?

In the view of the Russian Ministry of Fuel and Energy, 10 percent fully satisfied Russia's economic interests. But the Russian Federation Ministry of Foreign Affairs had an entirely different opinion. It registered an official protest with Azerbaijan, asserting that Russia's national interests were violated insofar as the Caspian is not actually a sea, but rather a lake, and all the oil deposits constitute the property of all the Caspian states. The Ministry of Foreign Affairs stated in this vein that "Russia does not recognize the contract's legality, with all the consequences this entails."

Geydar Aliyev hurriedly travelled to the United States, the third guarantor of settlement of the Karabakh conflict, since the heads of all the states had been invited to the next session of the UN General Assembly. He was received by the U.S. President before Russia's president. One can judge the topic of their discussion from the statement of Ambassador Miles, U.S. ambassador to Baku: "The United States has interests in Azerbaijan." In enumerating these interests, the ambassador listed regulation of the Karabakh crisis alongside tens of millions of dollars invested in the Azerbaijan economy by American firms and businessmen.

Bill Clinton, and according to certain information Geydar Aliyev, met in New York with Armenian President Ter-Petrosyan. According to press reports, proposals again resounded at these meetings for laying the pipeline across Armenian territory to Mediterranean ports of Turkey in exchange for concessions by Yerevan in Karabakh and substantial currency infusions.

But Moscow continued to demand that the pipeline be laid across Russia to Novorossiysk. These demands were supported by a new attempt to play out a once successful scenario.

A group of pro-Moscow enemies of Aliyev escaped from arrest. Among them were the former defense minister and manque leader of the "Talysh-Mugan Republic." Within a two-hour interval, the president's adopted son, the deputy speaker of the Milli Mejlis, and the chief of the special directorate were all shot dead.

Heading a special-missions police detachment, the deputy minister of internal affairs seized the Procuracy and took about 30 procuracy employees hostage, including the chief procurator, who had to be taken to a hospital suffering from grave bodily injuries. Then Suret Guseynov, occupying the post of prime minister, had his people mount an insurrection in Gyandzha, the second largest city in the republic. According to reliable sources, Russian generals proposed that Karabakh forces take advantage of the insurrection and seize Gyandzha.

Three Birds With One Stone

Geydar Aliyev's situation seemed hopeless. Left virtually in solitude, however, he made a decision that neither his enemies nor his friends expected, considering Aliyev to be a shrewd, but armchair strategist. Geydar Aliyev appealed to the people and called for them to come out into the square. Looking over the crowd of 100,000 at night under the beam of floodlights, he declared openly for the first time that the threads of conspiracy stretched to Moscow. True, here he misspoke—they stretched to communist leader Mutalibov who had entrenched himself there.

The insurrection was suppressed. Suret Guseynov went into hiding and apparently found refuge in Russia.

Having repulsed the attack from the most aggressive pro-imperialist forces, Geydar Aliyev did not forget, however, that Washington and London were still far away, and Moscow—nearby.

On that day when the Milli Mejlis ratified the contract with the Western consortium by an overwhelming majority of votes, a treaty with Iran was signed in Baku, according to which Azerbaijan conceded one-fourth of its share of exploitation of the Caspian shelf. In exchange, Iran committed itself to pay Azerbaijan's share of expenses in development of the oil fields, construct an oil refining plant in Nakhichevan, and extend the pipeline there.

The Turks say that by virtue of this treaty, Geydar Aliyev killed three birds with one stone. First of all, he neutralized that part of the Russian military-industrial complex that was interested in good relations with Iran and had been obtaining decent currency proceeds from weapons trading through the state concern Rosvooruzheniye. Secondly, Iran in effect disavowed the Soviet- Iranian agreements of 1921 and 1940, according to which the Caspian was not subject to partitioning, and which were cited in the protests of the Russian Ministry of Foreign Affairs. Finally, real prospects appeared for laying the pipeline through to Turkish terminal points across Iranian territory, especially since not long prior to this Turkmenistan and Kazakhstan had concluded similar agreements with Iran on transportation of their oil and gas.

The prospect of laying a pipeline across Iran suits neither Turkey nor Western consortium participants headed by the United States, who consider Iran to be an unreliable partner at the very least. In order to ward off such a possibility, Republic of Turkey President Suleyman Demirel proposed during his visit to Georgia that the pipeline be extended across Turkish territory, promising in addition to the $50 million in credits already afforded another $50 million and significant investments by the Turkish Export-Import Bank. This proposal could also serve as a warning to the Armenian leadership, which has not decided to withdraw its forces from Azeri territory and has not resolved the pipeline question.

With one foot in the grave, Georgia's economy understandably needs credits, investments, and energy supplies. But will it be able to respond to the Turkish president's proposal? In spite of Boris Yeltsin's statements on inviolability of borders and the territorial integrity of Georgia, Ossetian and Abkhaz separatists have virtually cut the country up into sections with active support from Russian Army structures. They have forced Georgia to join the CIS and furnish its territory for Russian military bases.

The knot of conflict in the Caucasus tightened up once again. On 17 November the president of Azerbaijan flew to Moscow—and not in order to attend ceremonies celebrating the 500th birthday of the great Azeri poet Fizuli, of course, as was announced. He went there to meet with the Russian president. This was a face-to-face meeting, and press representatives managed to find out only that discussion involved Karabakh and the oil concern...

Lukin on Dangers of Self-Determination

954F1450A Moscow SEGODNYA in Russian
17 Feb 95 p 3

[Article by Vladimir Lukin, chairman of the State Duma Committee on International Affairs: "Terrible Thoughts: National Self-Determination—the True Path to Self-Destruction"]

[FBIS Translated Text] What took place on the banks of the Sunzha was a terrible tragedy. Who can justify the present methods of resolving the Chechen conflict, the bloodshed on a mass scale, the innocent and the guilty amidst a sea of human suffering? But in this twilight of existence, in the ruins of the beautiful southern city, at least one serious factor arises, one problem on a truly global scale. Or rather—a dilemma: national self-determination or state unity.

Two visual images from my recent diplomatic experience come immediately to my mind. In the center of Philadelphia, among the narrow streets, like museum walls, there is a forgotten bell, erected over two hundred years ago, at the time of American independence (that is, separation from Britain, a stormy, bloody separation). And a grandiose monument, on the pediment of which it is written that the nation presented it to the person who preserved the unity of the country, towers majestically over the nation's capital, its 36 columns rising toward the heavens.

The Philadelphia bell and the Lincoln Monument embody the two main principles of today's international life—the principle of a nation's right to self-determination and the principle of preserving territorial wholeness. Both principles have their adherents, martyrs and heroes. When one speaks of the United States, in the pantheon of national heroes over the Philadelphia insurgents—in the memory of the people and in the opinion of professional historians—one person towers mightily, a person in whose memory there will always be mass demonstrations by adherents of civil rights—a person who razed flourishing Atlanta to the ground for the sake of the country's unity.

In most recent history, both these principles are close neighbors of each other, sometimes even in the same "political credo," for example, in President Wilson's famous "14 points" (January 1918). The sixth point, dedicated to our country, speaks of the need to observe its territorial wholeness, of a "united and indivisible" Russia. The point dedicated to Austro-Hungary calls for realizing the rights of its peoples to self-determination. Closer to our era, in 1975, the countries of Europe and North America vowed, in the Helsinki Pact, to preserve the territorial status-quo, but 15 years later they promoted the dividing up of the SFRYu [Socialist Federated Republic of Yugoslavia], the USSR and the ChSFR into 22 new state formations.

True, the West did not immediately change its principles. Let us remember—back in the summer of 1991, President Bush, appearing in Kiev, called on Ukraine to preserve its union unity. At that time, the United States declared its support of Yugoslavian unity. It took the Belovezhskiy tragedy and Germany's determined intervention (Slovenia and Croatia were recognized in that same December 1991) to make the West start swimming through the waves of the events and agree, "with hindsight," to recognize the legitimacy of the rights to self-determination. Even today, however, it is best not to talk to the French about Corsica and Normandy, to Spaniards—about Catalonia and the Basque region, and to the English—about Scotland and Wales. In conversations on this subject, bombastic Americans usually give a taciturn smile. General Sherman, with his "March to the sea," which singed the heart of the Southern states, closed this question for the United States.

This silence is understandable. In today's world, in over three-fourths of the 180 states existing, there are minorities, numbering over a million people. If all the minorities were to put into effect the principle of self-determination, especially to take it to the level of creating their own state, the world would turn into bedlam. We see reflections of this bedlam on television screens everyday, and in the current stormy decade they have become almost the main ferment of international life.

If we acknowledge, as before, that the latent value of both principles is "equivalent," we risk falling into a minefield, with no end in sight. The question is quite difficult. Was the dismemberment of the former Yugoslavia worth a quarter of a million dead and several million refugees? Superimpose these proportions on our country, make the calculations, and it will turn out that we are just at the beginning of a tragedy which will lead straight to Armageddon!

Let us remember that the prevailing of the principle of ethnic self-determination over the inviolability of the borders which had formed by the last decade of the 20th century was not restricted to the territories of Europe and the former Soviet Union. The process "moved on," on an even broader scale. For the first time in many years, the West came out as the initiator of dividing up states which it, strictly speaking, had created and recreated, and whose territorial wholeness it had long guarded. Ethiopia is possibly the most graphic example. After many years of discussing separatism in the world as a whole, and in Africa in particular (look, for example, at the attitude toward the attempts of Katanga to leave Zaire and of Biafra to leave Nigeria), the West, in 1993, sanctioned the division of Ethiopia. For the first time, it openly and even demonstratively violated the principle of territorial wholeness in favor of the principle of "proto-national" self-determination, just when the "self-determining nation" did not have the traditional prerequisites for a state (common history, territory, emotional-psychological community, etc.). Potentially, the appearance on the political world map of a former part of Ethiopia—Eritrea—is an event of extraordinary significance for the future. The world will scarcely survive fragmentation to the level of the sovereign Andorra or Liechtenstein, to the level of the island-state of Nauru (9,300 inhabitants) in the Pacific Ocean. The example of Eritrea is before them, and the flow of arms from the industrial centers of the West and Eastern Europe to the world of ethnic hostility is only increasing. Eritrea is in its own way a symbol, and almost an invitation to the tribalist world to call forth the old gods. This is a very great threat, not only to the half-forgotten "new world order," but also to putting any order into the system of international relations.

We must gather enough intellectual integrity and moral strength to pose in earnest the question of the cost of the process of self-determination for mankind and, the main thing, for the person. One gains the impression that, in 1992-93, the bewitched world, as if wavering from within, kept silent about the real price of self-determination for the inalienable and generally acknowledged rights of the individual. Only last year did the original shock begin to pass, and the problem of self-determination, of the human cost of this self-determination fall into the focus of public discussion. A certain euphoric lift slips away when nationalism has given world history such a particularly and unequivocally progressive turn. From tragic experience comes the realization that the triumph of the principle of self-determination over the constitutional-geopolitical foundation of statehood launches an enormous potential for conflicts. Orientation toward the principle of self-determination is fraught with self-destruction for the world as a whole, for Europe in particular and especially for the unstably modernized Eastern Europe. One must obviously agree with the opinion of Lord Acton, that the principle of the universal right to national self-determination is a step backward in historical development. In today's world, movements which blindly pursue the goal of self-determination at any price undermine the potential for democratic development in the new independent countries, and endanger the foundations of sovereignty of the people in democratic states. The time has come to deprive most of them of moral approval and see them for what they really are—a destructive force, drawing the world into the gloomiest eras of the past.

All economic theory calls for market expansion, and the national groups bursting for state self-determination are dooming themselves to progressive lagging behind. No less bleak is the fee for destroying the socio-psychological conditions which constitute the natural environment of the life of many generations. The destruction of this medium inevitably calls forth a crisis in morals, self-awareness and culture. Does not true democracy demand variety, not the sacrificial like-mindedness dictated by national intoxication? States that are thought up in someone's head, just like the "cerebral" dismemberment of state expanses into regions, are based on legitimizing the rights of groups and clan interests, to the detriment of the immemorial, basic rights of a person and a citizen. It was not for nothing that communist totalitarianism extolled this troglodytic-prehistoric right. In order to keep the world community from dashing off into the abyss of national frenzy, we should place the rights of the individual, of the citizen, above the rights of a group, a clan, a type or a family given to fanaticism. At the same time, all the rights of national-cultural autonomy are naturally inviolable.

Integration, not national separation, protection of the rights of the individual, not sacrificially ancestral, ethnic romanticism should be the basis when determining the political map of the world in a century of dissemination of nuclear weapons, partial paralysis of the UN and the pressure of the local nationalist elite with mercenary interests, whose ideal is to have its own army and its own treasury, and not least, although it is laughable, its own international protocol "in full volume." Not Lincoln's principle: "A government of the people, by the people and for the people."

ITAR-TASS Carries Press Review for 28 Feb

*LD2802065495 Moscow ITAR-TASS in English
0646 GMT 28 Feb 95*

["Press Review"—ITAR-TASS headline]

[FBIS Transcribed Text] Moscow February 28 TASS—ROSSIYSKIYE VESTI carries an interview with Russian Economics Minister Yevgeniy Yasin who favours a more rigid budget.

"We must not only stabilise the economy but also take into account the social position of the population. To reduce deficit is to cut spending," the newspaper quoted Yasin as saying.

TRUD writes about the likelihood of a miners' strike. Referring to Yuriy Malyshev, general director of the Rosugoal coal company, the newspaper reports that there will be no all-Russia strike. Only individual actions by miners in some regions are likely.

IZVESTIYA runs an article, headlined "The President Looks for a New Foothold in the Duma", by its parliamentary news analyst who points out that "Russia's Choice" faction, which only recently was the State Duma's most vigorous faction, the leader of the democratic movement, and the president's main backer, is currently being rocked with a string of scandals and is on the verge of a split.

ROSSIYSKAYA GAZETA frontpages an interview with Yuriy Yarov, vice-premier and chairman of the national committee of the Russian Federation on preparations for participation in a world summit which will deal with a search for solutions to social problems which are common to all mankind. The summit begins in Copenhagen on March 6.

Yarov emphasised that Russia had made headway towards the world community by dint of colossal strenuous efforts and reorientation of all its domestic resources. He believes that a market-oriented infrastructure of the country has been established in the main and is beginning to pick up speed. State property is being privatised. About 110,000 enterprises have been transferred to new owners, including their own workers.

KRASNAYA ZVEZDA (Red Star) reports a meeting dealing with the preparation of hardware and armament for the forthcoming V-Day parade marking the 50th anniversary of the victory in the Great Patriotic War.

The newspaper recalls that military parades have not been held in Moscow for five years now. Previously, the hardware was taken care of and painted afresh, and no one had the right to use it, whereas now the state of affairs is different. Most of the vehicles are in need of medium repairs.

NEZAVISIMAYA GAZETA critically assesses the results of the parliamentary elections in Tajikistan. The newspaper points out that that this time the authorities did not even find time to say anything, as was the case at previous presidential elections, about hundreds of thousands of refugees who are currently in CIS countries, in Afghanistan, Iran, Pakistan, and other states.

The newspaper asserts that thereby more than 30 per cent of the electorate were deprived of the right to participate in forming a new legislature.

IZVESTIYA, in an article about an exhibition featuring 63 paintings from among art treasures transferred to the Soviet Union from Germany after the Second World War.

The exhibition opened at Moscow's Aleksandr Pushkin State Museum of Fine Arts on Monday [27 February].

Clinton Visit Expected To Be Linked to Iran Nuclear Project

LD2702164595 Moscow INTERFAX in English 1556 GMT 27 Feb 95

[FBIS Transcribed Text] MOSCOW, Feb 27 (Interfax)—Moscow does not rule out that the United States may try to link President Bill Clinton's visit to the Russian capital in May with Russia forgoing the Iranian nuclear project. Russia is keen to host Clinton but has no intention of breaking off the contract for building a nuclear power plant in Busher, a senior Russian diplomat told Interfax on Monday [27 February].

He said Russia would supply a water-cooled reactor to Iran, the same type as the United States plans to supply to North Korea. So, any objections from Washington and, and they're there, are illogical to say the least, said the diplomat.

He stressed that the Iranian project was in full compliance with the regime set by the International Atomic Energy Agency. "Iran is a signatory to the nonproliferation treaty and is open for international inspections, which have so far established no NPT [Nonproliferation Treaty] violations," said the diplomat.

The diplomat believes there are political motives behind Washington's anxiety over the Iranian project. The Russian diplomat described the U.S. administration's Iran policy as odd. He accused the U.S. administration of turning a blind eye to the fact that American companies were buying Iranian oil while simultaneously opposing any cooperation with Iran by Russia or Western Europe.

U.S. Shows Double Standards on Mideast Roles

MM2702082895 Moscow KRASNAYA ZVEZDA in Russian 21 Feb 95 p 3

[Article by Vadim Markushin under the "Observer's Notes" rubric: "Russia Has the Right To Be a Player in the Near East But Is Meeting With Growing Resistance From the United States"]

[FBIS Translated Text] The Americans really dislike the fact that Russian nuclear physicists intend to help the Iranians build nuclear power plants. The State Department constantly expresses "deep concern" in this respect and reminds us that U.S. aid programs to Russia could be cut. Such a painful reaction is seen as a "principled protest" against equipping "the world's biggest sponsor of terrorism" with nuclear technology.

What this refers to, apparently, is a $1-billion contract signed at the beginning of this year under which the Russian Federation Atomic Energy Ministry will install a 1 million-kilowatt reactor in Bushire. This deal does not violate either the spirit or the letter of the Treaty on International Control of the Proliferation of Nuclear Weapons and Nuclear Technology, as no one is prohibited from using nuclear power for peaceful purposes. Washington is perfectly well aware of this, of course. However, it prefers to act on the basis of the well-known "Indian scenario." Meanwhile, it is promising to supply a similar nuclear reactor to North Korea, which has never featured on the U.S. list of "respectable countries."

Another case of double standards? Precisely. What Washington can apparently do, Moscow cannot; according to the table of ranks quietly "redefined" in the West, Moscow can no longer indulge in "imperial ways." Particularly beyond its southern border, it seems. Because here, in a region of traditionally subtle intrigue and keen rivalry, someone else's success, however small, justifies the jealous pride of other powers vigilantly monitoring the course of local affairs. Why should we not be that power?

In this sense, Iran is being held in reserve by the United States as a country linked to it by close relations before the Islamic revolution, which prompted a wave of anti-Americanism. While ostracizing the Tehran regime today and demonstrating a determination to curb Islamic radicalism, U.S. political strategists are unlikely to abandon all hope of restoring the past. They understand that Muslim fanaticism, like everything else in human nature, is susceptible to amortization. They understand that the pendulum will inevitably swing the other way and the revolutionary fervor stirred up by Ayatollah Khomeyni will eventually be replaced by the purely earthly inclinations of Persians. Then those who never made the development of businesslike cooperation directly dependent on the nature of the ideology prevailing at the time will stand the best chance of friendship.

The Americans have never forgotten that Iran is the world's second-largest producer of gas and fourth-largest extractor of oil or that it has an extremely important strategic location on the approaches to the Indian Ocean. That is why Washington eased restrictions on trade with Iran immediately after the hostages were freed from the U.S. Embassy in Tehran in 1979. Some companies seized on this without delay, whereupon computers, electronic equipment, and other such goods appeared on the Iranian market, demonstrating the U.S. presence in the country more graphically than any words could.

Taking the region as a whole, Washington views this presence as something which goes without saying, as a natural factor in the development of the Near East. For some reason, however, it considers Russia's desire for a similar relationship unnatural. This is despite the fact that Russia has been linked to countries in the region by strong ties for a very long time—ties which have only been weakened for a few short periods, including the years of Soviet perestroyka.

Having interpreted the former Soviet Union's Afghan epic as a historic failure to break through to the Indian Ocean, Washington is apparently inclined to view all subsequent attempts by Moscow to play a more active role in this region as a continuation of its old imperial behavior. Iraq is possibly the most graphic example of this. Once again because the success of Russian peacemaking diplomacy has produced an envious echo in U.S. ruling circles, which have rapidly calculated that Saddam Husayn is not eternal and that it is unforgivable for the Russians to have "bestowed" influence on such an object. It should be perfectly obvious to Washington, however, that Russia cannot help making efforts in a region which is so important to it both from the standpoint of its economic interests and with regard to its role in filling the security vacuum which has formed there.

Behind the polite benevolence of U.S. officials regarding Russia's role in international affairs it is hard not to be aware of systematic efforts to counteract this role. Notably via aid for traditional and chance allies. This may be an indication of disappointment with Russia's behavior: Contrary to expectations, it has not placed itself under the guardianship of Western society and remains unimpressed by the U.S. State Department's fundamental conclusion that changes are now taking place in the world solely because "U.S. might has been used successfully" and that the development of the global situation increasingly "accords with U.S. interests."

In this respect, attempts to sideline Moscow in the Near East peace process reveal Washington's general policy of underlining its unique role as peacemaker in every way possible.

It is also possible that, in the context of current events in the Caucasus, the dynamics of Russian foreign policy have presented themselves to the West as the most decisive demonstration of Moscow's determination to defend its vital interests and preserve its freedom of maneuver in full. In the opinion of some U.S. circles, it is here, in the Caucasus and the surrounding area, that Russian policy has once again made itself felt as allegedly striving to trample the entire region underfoot.

Washington has always regarded Turkey as NATO's reliable eastern outpost. Indeed it is. In the present circumstances, however, support for Turkey is hardly dictated solely by Atlantic solidarity. There is the same selfish calculation, the same rejection of what would appear to be a perfectly understandable, healthy trend toward improvement in Russian-Turkish relations. Hence the stimulation of great-power attitudes and the encouragement of those who preach the idea of a greater Turkey.

Life, meanwhile, has shown that Ankara clearly has failed to justify the more lofty hopes of recent years. The idea of a pan-Turkic union, that is, uniting all Turkic-speaking countries, autonomous formations, and communities under Ankara's aegis—which would include some of the former Soviet republics—has rapidly faded in the face of economic realities and Turkey's own internal squabbles. Consequently it is possible to count only on what there actually is. And, of course, participate elegantly and without excessive fuss in those tense regional games in which the aims of U.S. policy are directly or indirectly revealed.

Take the situation surrounding Caspian oil and the regulations governing the Black Sea straits. It is a secret to no one that Turkey's toughening of the rules whereby tankers pass through the Bosphorus and the Dardanelles creates difficulties for Russian petroleum exporters and reduces the importance of the port of Novorossiysk. On the other hand, it opens up more prospects in the oil market for Turkey, as it urgently "tries to push through" a project to build a pipeline across its territory from the southern republics of the former Soviet Union.

Russia could be supported by its historical partner Greece in this situation, however. The latter is prepared to take part in building an oil pipeline from the Bulgarian port of Burgas to the Greek port of Alexandroupolis. This would help the Turks to "relieve" the Bosphorus and the Dardanelles by giving Russia an alternative route to export oil to the Mediterranean.

In short, once again it is a question of interweaving interests in one of the most nervy regions of the world. While by no means disputing the legitimacy of these interests for the United States and its closest allies and partners, at the same time we should make it very clear that Russia cannot be regarded as an outsider here. Its sovereign interests and its right to be a player in this region are backed by specific geographical, historical, social, and psychological realities.

Moscow To Stand By Nuclear Contract With Iran

LD2702170895 Moscow INTERFAX in English 1556 GMT 27 Feb 95

[FBIS Transcribed Text] MOSCOW, Feb 27 (Interfax)—Russia will stand by its contract with Iran for construction of a nuclear power station in Bushehr because Iran has given Moscow firm pledges it will not develop a nuclear bomb, a highly placed official in the Russian Nuclear Energy Ministry told Interfax Monday [27 February].

He said that by insisting that the contract be canceled the U.S. effectively subverted the Nuclear Nonproliferation Treaty.

The official emphasized that as a nuclear country Russia had to help other countries which stood by the treaty in development of their nuclear energy industry. Iran does stand by the treaty, he emphasized.

In his words, none of the IAEA [International Atomic Energy Agency] inspection teams had detected any violations of the treaty by Iran.

The official added that the light water VVER-1000 [water-cooled, water-moderated] reactor which will be constructed in Iran with the aid of Russian engineers would not yield weapons-grade plutonium.

He said that the nuclear wastes from the Bushehr station would be sent to Russia for processing. The official explained that Iran would not therefore be able to use fuel elements to obtain weapons-grade plutonium from them and did not have this kind of technologies.

He believed that if the U.S. compelled Russia to cancel the contract, Iran and other 27 countries could refuse to extend the Nuclear Nonproliferation Treaty.

Iraq Allows Russia To Scan Lists of Kuwaiti POWs

LD2702163095 Moscow ITAR-TASS in English 1600 GMT 27 Feb 95

[By ITAR-TASS diplomatic correspondent Valeriy Sevryukov]

[FBIS Transcribed Text] Moscow February 27 TASS—Pressed by the necessity to have international sanctions lifted, Iraq agreed that the problem of missing Kuwaiti citizens does exist and said it was ready to allow a Russian mission to check any prison at its own choice, according to Dmitriy Volkogonov, chairman of the presidential commission on POW's.

"Thanks to the Russian mediating mission, Baghdad has agreed that the problem of missing Kuwaiti citizens exists. The Iraqi side not only acknowledged the existence of such a problem, but agreed to submit the lists of convicts and allow members of the Russian mission to visit any prison at their choice", Volkogonov told a press conference on Monday. He added that the Russian mission, which has recently visited Baghdad, told Iraqi authorities that the lifting of sanctions directly depends on the problem of the missing Kuwaitis.

Volkogonov was entrusted by the Russian president to help solve the problem of Kuwaitis missing in the 1991 Gulf War after the government of the Emirate had requested Russia to help last autumn.

But Volkogonov believes that most of the 600 missing had been either executed or died. "But a certain number is, evidently, still kept by the Iraqis. The task of the commission (on POWs) is to inform the world public about the fate of the people. I believe it to be the most important task as human rights should dominate in the world", Volkogonov said.

He refused to provide any details of future work saying the problem is "too delicate". "The commission intends to undertake concrete steps on the given problem which will help solve it", he only said.

Zhirinovskiy Meets Husayn in Baghdad, Calls For Alliance

LD2702154995 Moscow ITAR-TASS World Service in Russian 1526 GMT 27 Feb 95

[FBIS Translated Text] Cairo, 27 Feb—Iraqi President Saddam Husayn received today Vladimir Zhirinovskiy, leader of the LDPR [Liberal Democratic Party of Russia], who is visiting Baghdad. During a three-hour conversation, they discussed the LDPR leader's proposal to "create an anti-western coalition between Russia, the Orthodox, and the Muslim world." At a news conference after the meeting, Zhirinovskiy described the conversation as "interesting and productive."

"There is no confrontation between the North—Russia—and the South—the Arab and Muslim world. We are not enemies; we are friends. We have one common enemy—the West," Zhirinovskiy told journalists in Baghdad.

Zhirinovskiy once again called for immediately lifting the sanctions against Baghdad to make it possible for Iraq to repay its debt to Russia amounting to 9 billion dollars.

Grachev, FRY's Bulatovic Discuss Military Agreement

AU2702211395 Belgrade RTB Television Network in Serbo-Croatian 1830 GMT 27 Feb 95

[Report by Djordje Milosevic from Moscow]

[FBIS Translated Text] Federal Defense Minister Pavle Bulatovic today arrived in Moscow for a three-day visit to the Russian Federation at the invitation of Defense Minister Pavel Grachev.

Bulatovic and Grachev today held talks in the Defense Ministry on security in Europe and the Balkans, relations between Russia and NATO, the participation of the Russian Armed Forces in peacekeeping operations, and particularly on a military agreement between the FRY and the Russian Federation.

[Milosevic] Yugoslavia and Russia will sign a military cooperation agreement. This was concluded today at the talks held in Moscow by the two countries' defense ministers, Pavel Grachev and Pavle Bulatovic. The agreement will be signed tomorrow evening at the Yugoslav Embassy in Moscow and will be implemented after the sanctions are lifted.

The two ministers today also discussed security in Europe and the Balkans, relations between Russia and NATO, the participation of the Russian Armed Forces in the peacekeeping operations and the military agreement in particular.

After the talks, Pavel Grachev told correspondents that Russia favors the total lifting of sanctions introduced against Yugoslavia. He stressed that Russia and Yugoslavia are connected with threads of years-long friendship. We wish and hope that the sanctions will soon be lifted, Grachev said.

Asked to comment on the situation in Bosnia, the Russian minister said that the situation is grave and that nothing has changed for the better recently. I do not see the settlement of the crisis in Bosnia in the near future, Pavel Grachev said.

Pavle Bulatovic said that a high degree of unanimity was reached during the talks. According to Bulatovic, the signing of the military cooperation agreement will be yet another confirmation of friendly relations between our two countries and peoples. The Yugoslav defense minister will continue talks tomorrow. He is expected to meet Foreign Minister Andrey Kozyrev and Ivan Rybkin, head of the parliament's lower house.

Grachev for 'Unconditionally' Lifting FRY Sanctions

LD2702203495 Moscow INTERFAX in English 1907 GMT 27 Feb 95

[FBIS Transcribed Text] MOSCOW, Feb 27 (Interfax)—Russian Defense Minister Pavel Grachev said he was in favor of unconditionally lifting the international sanctions against Yugoslavia.

"The Russian Defense Ministry fully supports the proposal that the international sanctions be lifted from Russia's ancient partner and neighbor: Yugoslavia," Grachev told an Interfax correspondent after his meeting with Yugoslav Defense Minister Pavle Bulatovic today.

Grachev said he and Bulatovic would sign an agreement on military cooperation in Moscow Tuesday [28 February]. However, the agreement will come into effect after the international sanctions against Yugoslavia are lifted, Grachev added.

Grachev: Phase Out of Peacekeepers From Croatia Possible

LD2702200595 Moscow INTERFAX in English 1907 GMT 27 Feb 95

[FBIS Transcribed Text] MOSCOW, Feb 27 (Interfax)—The Russian peacekeeping battalion could be moved from Croatia to Bosnia, Russian Defense Minister Pavel Grachev said Monday [27 February].

Following a meeting with his Yugoslav counterpart Pavel Bulatovic he said that this could not happen unless other countries also phased out their peacekeeping activity in Croatia. "At the moment we are staying where we are and do not propose to make any radical decisions," Grachev said.

Zagreb opposes the continuation of the peacekeeping operation on Croatian soil, the mandate of which expires on March 31.

Grachev said that he, as a defense minister, did not believe there was any early solution in sight to the conflict in former Yugoslavia. In his view, the peacekeeping activities under the UN aegis failed to produce impressive results and not much has changed for the better.

Grachev argued that the international contact group on former Yugoslavia could tackle certain problems "but only if all the parties, Croatians, Moslems and Serbs, so desired."

Calls For Closer NATO Cooperation

LD2702201795 Moscow INTERFAX in English 1907 GMT 27 Feb 95

[FBIS Transcribed Text] MOSCOW, Feb 27 (Interfax)—Russian Defense Minister Pavel Grachev said that Russia still wanted closer cooperation with NATO even though "there are obstacles along the way."

Asked by Interfax Monday [27 February], he said that if certain East European countries did join NATO, Russia would have to "take additional steps in cooperation with NATO."

Grachev also said that whatever the complications, Russia should do its best to avoid confrontation with NATO.

He added that Russia wanted the OSCE [Organization for Security and Cooperation in Europe] to play a leading role in the setting up of a structure for European security. Grachev believed that this organization alone could act as a guarantor of European security in the future.

"On the other hand, we do not welcome NATO into the role of a guarantor of European security," he said.

Yugoslav Defense Minister Bulatovic Arrives for Visit

LD2702114795 Belgrade TANJUG Domestic Service in Serbo-Croatian 1120 GMT 27 Feb 95

[FBIS Translated Text] Moscow, 27 Feb (TANJUG)—Pavel Bulatovic, the Federal Republic of Yugoslavia defense minister, arrived in Moscow today at the invitation of his Russian counterpart, Pavel Grachev. In the course of his three-day visit he will also hold talks with other officials of the Russian Federation.

Grachev Begins Talks With Minister

LD2702155895 Moscow ITAR-TASS in English 1546 GMT 27 Feb 95

[By ITAR-TASS correspondent Mikhail Shevtsov]

[FBIS Transcribed Text] Moscow February 27 TASS—The defence ministers of Russia and Yugoslavia started official talks in Moscow.

Opening the talks, General Pavel Grachev said that he hoped the talks would yield military cooperation agreements.

A key issue on the five-item agenda is European security. The second subject is Russia's current relations with

NATO. A focus is on settlement in the Balkan region. An important subject are prospects of Russian peacekeeping in former Yugoslavia.

Grachev said all these issues required detailed discussion to decide whether further presence of Russian peacekeepers in the Balkans was needed.

Grachev described the signing of a military cooperation agreement between Russia and Yugoslavia a key item.

His Yugoslav counterpart Pavle Bulatovic said cooperation between Yugoslavia and Russia traced deep in the history, and the two countries might not spoil it. The Yugoslav defence minister expressed confidence that a consensus would be found on all subjects of the talks.

Says Military Accord To Be Signed

LD2702171695 Moscow ITAR-TASS in English 1647 GMT 27 Feb 95

[By ITAR-TASS correspondent Mikhail Shevtsov]

[FBIS Transcribed Text] Moscow February 27 TASS—Defence Ministers Pavel Grachev of Russia and Pavle Bulatovic of the union republic of Yugoslavia met here on Monday to discuss a proposed agreement on military cooperation between the two countries.

The agreement is due to be signed at the Yugoslavian Embassy in Moscow on Tuesday night, Grachev told reporters after the meeting.

The problem is that Russia cannot approve the agreement in its present form, since the U.N. Security Council imposed sanctions upon Yugoslavia, the Russian minister noted. Therefore, after a group of experts finalize the document, it will be signed, but it will take effect only after the said sanctions are lifted, which does not run counter to international law," Grachev said.

FRY's Bulatovic: UN Demands Met, Sanctions Must Be Lifted

LD2702195095 Moscow ITAR-TASS in English 1925 GMT 27 Feb 95

[By ITAR-TASS correspondent Mikhail Shevtsov]

[FBIS Transcribed Text] Moscow February 27 TASS—The agreement on military cooperation discussed on Monday [27 February] and due to be signed after finalizing, will become another proof of friendly relations between Russia and the union republic of Yugoslavia, Yugoslav Defence Minister Pavle Bulatovic told reporters after a meeting with his Russian counterpart Pavel Grachev at the Defence Ministry here on Monday.

According to Bulatovic, Yugoslavia is now suffering grave economic difficulties because of the sanctions imposed by the U.N. Security Council. The minister believes his country "has long since met the demands laid by the U.N. to lift the sanctions, but this has not been done yet".

When asked about prospects for a peace settlement in the Balkans, the Russian defence minister said the situation in former Yugoslavia remained rather complicated, "there have been very few changes for the better, U.N. peacekeeping activity have produced poor results".

Grachev expressed some hope for the better as a result of efforts by the five-nation contact group. According to him, this group can produce some solution, provided all the conflict parties agree to cooperate. At the same time, Grachev said "as a minister, he does not see any peaceful solution to this issue in the near future".

Official on Visit

LD2702183895 Moscow INTERFAX in English 1648 GMT 27 Feb 95

[From the "Diplomatic Panorama" feature: by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] MOSCOW, Feb 27 (Interfax)—The Moscow visit of Yugoslav Defense Minister Pavle Bulatovic should be viewed "in light of a Yugoslav political settlement and the positive role of Belgrade in this process," a well-informed Russian diplomat told Interfax. The minister arrived in Moscow today.

A joint statement on results of negotiations at the Russian Defense Ministry is not expected to "focus on specific aspects of bilateral military cooperation because of international sanctions against Yugoslavia. The statement will aim at an international search for ways to achieve the quickest possible settlement in former Yugoslavia," said the diplomat.

At the same time, the Moscow meetings of Bulatovic will "give an estimation of the military situation in Bosnia-Herzegovina." The Minister will meet heads of the Russian Foreign Ministry, the State Duma and the Federation Council.

China Border Issues, Kozyrev Visit Eyed

MM2702172495 Moscow IZVESTIYA in Russian 28 Feb 95 p 3

[Report by Vladimir Skosyrev: "In Order To Make Friends With China It Is Necessary First To Fix the Borders With It"]

[FBIS Translated Text] Beijing—Colonel Fide of the Russian Army's General Staff wanted very much to oblige the fatherland. Holding a commission in 1882 to hold talks with the Chinese side on the line of one sector of the border, he decided to retouch it slightly in Russia's favor.

A tried and tested method in Rus was used to secure the necessary result: to get the partner pretty drunk. Having taken a good deal of champagne on board, the Chinese commissar forget about his responsibilities to his emperor and in a drunken stupor put his signature to a corrected version of the border on the map. That same night the Cossacks moved the border markers.

After the successfully completed operation the colonel made a report in which, in particular, he asked to be compensated for the cost of 130 bottles of champagne. After acquainting himself with it, Czar Alexander III drafted a resolution: Thank him for his zeal, but the drink is at his own expense.

That episode did not remain a curious incident in history. Some 100 years later, when the Soviet Union and the PRC were holding border talks, both sides, independently of each other, discovered the czarist document in a British library. For the Chinese it constituted grounds for demanding a review of the border.

There were other instances when its line did not fully correspond to the treaties which Russia and China had concluded during more than three centuries of direct intercourse. In the thirties, for example, Japan occupied northeast China, and the USSR, preparing for war, erected pillboxes and other defensive fortifications on Chinese territory. After Moscow and Beijing signed an agreement on the eastern sector of the state border in 1991 and embarked on demarcation, those violations naturally came to light. Russia will have to remove approximately 100 fortifications when the demarcation has been completed.

But will this event happen soon? Let us recall that Maritime Kray Governor Yevgeniy Nazdratenko is seeking the denouncement of the 1991 agreement, despite the fact that it far from always benefits only China. For sectors are actually being exchanged in accordance with the principles of international law.

Since over 80 percent of the border runs along rivers and through lakes, it is necessary to define anew the navigable channel and the watershed. Sometimes, however, the sides adopt decisions which, strictly speaking, transcend the legal framework. The sector where the graves of Red Army servicemen who fell in the fighting against Japan near Lake Khasan in 1938 are located should have reverted to China. But China, our ally at the time of the war, has agreed to leave the sector to Russia.

Be that as it may, the subject of border settlement will inevitably arise during Andrey Kozyrev's talks with his Chinese colleague, Qian Qichen, when the Russian minister of foreign affairs arrives in Beijing 1 March. It is no coincidence that the delegation includes our experts on this problem.

But how does Beijing rate the calls issuing from Russia's Far East for the border accord to be revised? Replying to my question, a spokesman for the PRC Ministry of Foreign Affairs said that the accord serves as an important factor in stable friendly relations between the two countries. Consequently, any statement or action directed against the agreement runs counter to the two peoples' fundamental interests and is unacceptable. Beijing firmly advocates the fulfillment of the accord and rejects any attempts to revise it. This is the official position. This certainly does not mean, however, that there are not people in the PRC who are dissatisfied with the border settlement with Russia. Historians and polemists frequently maintain at seminars that during past centuries Russia "seized from China" lands with an area of 1.5 million square kilometers. Maps exhibited in military history and other museums remind us that extensive territories in Siberia and the Russian Far East were once under China's control. Thus, the weekly ZUOJIA WENZHAI wrote in January that Vladivostok had earlier been called Haishenwei and was under China's jurisdiction.

It is clear from this what consequences might ensue from the agreement's revision. Have the lessons of the fighting on Damanskiy really been forgotten?

During his visit to Beijing Kozyrev will endeavor to consolidate the atmosphere of detente that has taken shape along the border in recent years. Obviously, the question of the border regime will be discussed, particularly the question of the border crossing procedure.

Confidence-building measures in the military sphere will be another topic of discussion. It is a question, above all, of ensuring that both sides are informed about maneuvers and large- scale troop movements in border districts. The delegation is expected to include Deputy Defense Minister Boris Gromov, seconded to the Ministry of Foreign Affairs.

Kozyrev Says Russia on Course for Good Relations With China

LD2702175495 Moscow ITAR-TASS in English 1701 GMT 27 Feb 95

[By unidentified ITAR-TASS diplomatic correspondent]

[FBIS Transcribed Text] Moscow February 27 TASS—On the eve of his visit to China, Russian Foreign Minister Andrey Kozyrev proclaimed on Monday [27 February] "a strategic and long-term course for good-neighbourly relations" with this country.

In his book "The Transfiguration", which came out on Monday and deals with the topical issues of Russia's foreign policy, Kozyrev said Russia was building smooth and steady relations with China, "without any claims for a geopolitical alliance, but without any set-backs to former animosity either".

According to the minister, Russia has already established itself in the Asian-Pacific region as "a great power with peaceful intentions and natural interests". Over quite a short time, Moscow has succeeded in "normalizing relations with Asia's major power, China", he stressed.

Pointing to a long-term problem of a demographic disbalance between Russia's Far East and northeastern China, which prompts many Chinese citizens to settle in

Russia, Kozyrev favoured a federal programme to improve the situation in the Russian regions bordering on China. This programme would make it possible to form a modern basis for businesslike cooperation and at the same time to prevent uncontrolled export of raw materials.

Kozyrev Places Conditions on Peace Treaty With Japan

OW2802034095 Tokyo KYODO in English 0254 GMT 28 Feb 95

[FBIS Transcribed Text] Moscow, Feb. 28 KYODO—Russian Foreign Minister Andrey Kozyrev said Monday [27 February] that Moscow could not sign a peace treaty with Japan, which would bring an end to the bilateral territorial dispute, until bilateral ties are strengthened comprehensively.

Kozyrev said Moscow will try to resolve the dispute in line with an October 1993 declaration, but he said there could be "no good condition for a peace treaty" without comprehensively strengthened bilateral relations, including economic ties.

Kozyrev made the remarks during a press conference prior to his three-day visit to Tokyo starting Thursday.

Under the so-called Tokyo declaration, agreed in 1993 by Russian President Boris Yeltsin and then Japanese Prime Minister Morihiro Hosokawa, Yeltsin promised to uphold all commitments to Japan made by the former Soviet Union, including a 1956 agreement to return two of four Russian-held islands claimed by Japan, once a peace treaty is signed.

Describing the bilateral economic relations as "clearly delayed," Kozyrev urged Tokyo to make good use of a bilateral panel on the economy, agreed upon late last year, and invest more in the Russian Far East and Siberia.

Kozyrev also pointed to the need to promote bilateral military exchanges so as to beef up comprehensive bilateral ties, calling these also delayed.

Referring to a proposed Russian treaty that would allow Japanese fishing boats to operate off the four islands, Kozyrev said he expects to see mutual understanding on the issue.

He was quick to say that allowing foreign fishing boats to operate in the Russian waters is "an unprecedented concession," which makes it clear that Moscow has no plans to abandon the Russian claims on the islands themselves.

The dispute over the islands, known by Russia as the southern Kurils and by Japan as the northern territories, has chilled Tokyo- Moscow ties since they were seized by invading Russian troops in the last days of World War II.

Moscow Warns of Possible Setback in Sino-Russian Relations

LD2702172295 Moscow ITAR-TASS in English 1708 GMT 27 Feb 95

[By ITAR-TASS diplomatic correspondents Andrey Kirillov and Vladimir Solntsev]

[FBIS Transcribed Text] Moscow February 27 TASS—The Russian Foreign Ministry warned of a serious risk of a setback in relations between Russia and China and return to the confrontation of the 1960's unless the Russian regional authorities stop their demands for the denunciation of the 1991 agreement on the demarcation of the border between the two countries.

"It needs to be said frankly that such a danger does exist," Deputy Foreign Minister Aleksandr Panov said. He stressed that the Russian Foreign Ministry's position remains unchanged—"any denunciation of the agreement by the Russian side is out of the question. Russia will strictly abide by this agreement."

Panov brushed off assertions that the demarcation of the border with China will lead to unilateral territorial concessions on the part of Russia, adding that part of the areas currently controlled by China will be handed over to Russia, including rich farmlands.

The deputy minister pointed out that the ministry's principled position "allows (us) to contain the negative reaction of the Chinese side." At the same time, he admitted that "already at this stage, the negative reaction of the Chinese side has manifested itself in a number of statements made via diplomatic channels and at talks."

There have also been reports that China is considering a possible response, including measures to curtail trade and economic cooperation with the Maritime Region.

"This could be only the first negative steps and it is easy to imagine what they will lead to if we pursue the path proposed by the administration of the Maritime Region... Tension may start to grow like a snowball and lead to a situation which we already had in the 1960's and which took us over 20 years to resolve," Panov said.

The Russian Foreign Ministry's careful and well-balanced approach to the problem of border demarcation seems to be shared by the Chinese side. A high-ranking Chinese official in Moscow told ITAR-TASS that China "keeps its mouth shut for the time being... Seeking to avoid a polemic with Russia."

Paper Gives Details of FCS Aides' Turkey Trip

MM2702153195 Moscow KOMSOMOLSKAYA PRAVDA in Russian 25 Feb 95 p 1

[Report by Vladimir Zaynetdinov: "What the Counterintelligence Chief Did in Ankara"]

[FBIS Translated Text] Sergey Stepashin, director of the Russian Federal Counterintelligence Service [FCS], has completed a surprise trip to Turkey. Major General Aleksandr Mikhaylov, chief of the FCS Public Relations Center, who accompanied his boss on the trip, gave us details of it.

Stepashin met in Ankara with top officials of the Turkish Ministry of the Interior and the MIT special service (intelligence and counterintelligence), and representatives of the parliamentary committees on internal and international policy. Turkish president S. Demirel received Sergey Stepashin at the end of the visit.

One question in particular was discussed at all the meetings: the situation in the North Caucasus and in the countries of the Black Sea basin. Both sides came to the conclusion that the time has come to coordinate the special services' actions to stabilize the situation in these regions.

The branch of the Kurdish Workers Party in Moscow is worrying Ankara greatly. In its opinion, arms and resources are being supplied to the rebels via Russia. The FCS director promised to take measures if this information is confirmed.

The Russian side was very interested in the diaspora of Caucasian peoples living in Turkey. The counterintelligence officers informed their Turkish colleagues that they are in possession of facts testifying that local Chechens—and not only them—are doing their utmost to collect money for Chechnya. Arms are purchased and mercenaries hired on their money.

The Turks did not deny this but immediately disclaimed any role by state structures in the Turkish Chechens' activities.

At the end of the visit a bilateral agreement was signed between the FCS and MIT on cooperation in the intelligence field.

Political Issues

Yeltsin To Sign Edict on Fascism 'in the Near Future'

LD2702120995 Moscow ITAR-TASS World Service in Russian 1120 GMT 27 Feb 95

[By ITAR-TASS correspondent Tamara Zamyatina]

[FBIS Translated Text] Moscow, 27 Feb—An edict is to be signed by the Russian president in the near future on measures to counter the threat of fascism, Russian Federation presidential aide Mikhail Krasnov told an ITAR-TASS correspondent. He said the "document being prepared would be one of the steps toward implementing the ideas in the head of state's address to the Federal Assembly, in which Boris Yeltsin expressed alarm at society's weakening immunity to the spread of fascist ideology." The idea that such an edict is needed came to Yeltsin after a meeting with the intelligentsia, during which there was heated debate about the authorities' tolerance of nationalists, who have suddenly become very active.

Krasnov said the president was not satisfied with the law enforcing bodies' efforts in connection with the spread of fascist organizations and publications and that he intends to make a definite issue of the public's safety in the face of the threat from extremists.

Yeltsin To Sign Edicts Implementing Annual Message Policies

LD2802114895 Moscow ITAR-TASS World Service in Russian 1126 GMT 28 Feb 95

[By ITAR-TASS correspondent Tamara Ivanova]

[FBIS Translated Text] Moscow, 28 Feb—In the next few days Russian President Boris Yeltsin will sign the first three edicts aimed at implementing the provisions of his annual Message to the Federal Assembly, presidential aide Aleksandr Livshits told ITAR-TASS today. All three documents are highly significant and deal with the problems of price-setting, regulating markets in which natural monopolies operate, and strengthening budget discipline, he noted.

Yeltsin To Meet Foreign Ministry Leadership

LD2702110995 Moscow ITAR-TASS in English 1054 GMT 27 Feb 95

[By ITAR-TASS correspondent Andrey Shtorkh]

[FBIS Transcribed Text] Moscow February 27 TASS—Russian President Boris Yeltsin is due to meet the leaders of the Country's Ministry of Foreign Affairs in the Kremlin on Tuesday, February 28, well-informed sources in the Russian Foreign Ministry told ITAR-TASS today.

The sources said the exact agenda of the meeting between the president and Foreign Minister Andrey Kozyrev, his deputies and members of the Foreign Ministry collegium was not immediately known.

A high official of the Ministry of Foreign Affairs of the Russian Federation told ITAR-TASS later that "even if there is no formal agenda, it will be a frank discussion of the "hot" directions of the Russian foreign policy and the situation in the ministry itself, as well as in the missions and embassies of Russia in other countries".

Among the problems which are likely to come up for discussion during the Kremlin meeting the source mentioned the need to work out Moscow's coordinated approach to the north Atlantic alliance's desire to expand its sphere of influence to the East, the strengthening of integrational ties with Commonwealth member-states and Russia's interaction with international organisations.

Postpones Meeting

LD2802082195 Moscow ITAR-TASS in English 0810 GMT 28 Feb 95

[By ITAR-TASS correspondent Andrey Shtorkh]

[FBIS Transcribed Text] Moscow February 28 TASS—Russian President Boris Yeltsin decided to postpone a meeting with Foreign Ministry leaders, which was scheduled for Tuesday, for mid-March, well-informed sources in the Kremlin told TASS.

They explained that the head of state will be busy on Tuesday "working on the implementation of the ideas contained in his annual state-of-the-nation message".

Most probably, Yeltsin will work on a decree ordering to put an end to the fascist threat in Russia. Head of the presidential staff Sergey Filatov said on Monday the decree is to be signed in the near future.

The postponed meeting was reportedly to focus on the Russian policy towards NATO expansion, on CIS affairs and on internal problems of the Foreign Ministry and Russian embassies abroad.

Foreign Minister Andrey Kozyrev, who was to head his colleagues at the meeting with Yeltsin, is leaving for China and Japan later in the day.

The Kremlin source said the postponement of the meeting will "help him better prepare for the foreign visits".

Chernomyrdin: Things Went 'Totally Wrong' in Chechnya

LD2702203195 Moscow Russian Television Network in Russian 1700 GMT 27 Feb 95

[From the "Vesti" newscast; passages within quotation marks recorded]

[FBIS Translated Text] Today, the head of the Russian Government [Chernomyrdin] was answering questions from Russian Television journalists, who are often accused of the deadly sin of pacifism. We were very interested to hear Chernomyrdin's view on Chechen events.

[Chernomyrdin] "This is our great mistake. Why have we not done this earlier? Our good intentions went totally wrong. All this time we thought we could try and do this without spilling blood. This is it. Our only intention was to do this without bloodshed. Until the very last moment we tried to do this without spilling blood. But the opposite happened."

[Correspondent S. Milyanchikov] The prime minister has said that the events in Chechnya had no effect on Russia's position in the world. The Russian Government is currently preoccupied mainly with the restoration of the Chechen economy.

[Chernomyrdin] "In our view we should restore people's homes first and not palaces or the House of Government. We should create conditions for those who lost their homes so that people can return to their places of residence, to their homes."

[Milyanchikov] It has not been legally defined what is going on in Chechnya. Therefore, the future of the wounded is not yet clear and nothing has yet been decided on what to do with families of those killed in Chechnya or what social guarantees they will be given by the state.

[Chernomyrdin] "We will do everything for those who have suffered, who have lost their loved ones. They will be given pensions. It is impossible to bring the dead back, but other things will come."

[Milyanchikov] Also, another thing about Chechnya and further information: Today we heard rumors that Sergey Gryzunov, the head of the [Russian Federation] Press Committee, would resign. We have asked the prime minister if that was true and why.

[Chernomyrdin]" This is true, and you know better than me why."

Zyuganov on Past as Lesson for Future

954F1503A St. Petersburg NEVSKOYE VREMYA in Russian 21 Feb 95 p 3

[Interview with Gennadiy Zyuganov, deputy of the State Duma and leader of the Communist Party of the Russian Federation faction, by Veronika Azarova; place and date not given: "The Volga Will Not Run Into the Mississippi"]

[FBIS Translated Text] **"I am sufficiently well educated to understand that you cannot step into one and the same water twice. Even were all Russians to want to turn history back, this would be impossible. But I also know that society develops spirally. At the new level and in the new capacity we will necessarily arrive at a whole number of values which are in Russia of a thousand-year nature," Gennadiy Zyuganov, deputy of the State Duma and leader of the Communist Party of the Russian Federation faction, believes.**

He is convinced, for example, that forms of the political power of the people will be restored. They have always existed in Russia, Mr. Zyuganov says, and in the most difficult years conciliary, collegial thinking has saved the country.

"And now also we have troubled times and the disintegration of statehood, the economy, the personality, and morals," he adds.

[Azarova] Disintegration or transformation?

[Zyuganov] No, disintegration. Because reforms are when all that is most valuable is taken from the past and when, as a result of the transformations, the lives of the majority of people get better. What is happening now is the extinction of the nation.

[Azarova] When, in which periods, did the country follow the correct course?

"History cannot be viewed this way," Zyuganov replies, didactically almost. "We do not have the right to judge it, we must view history through the prism of the facts, not this universal lie, when people who have a poor command of the Russian language mock Lenin and everyone else."

Zyuganov reminds us that the leader of the world proletariat knew all the European languages and was one of the most educated people of his time, which many people acknowledged.

"If you do not trust my opinions, I can quote Churchill, who wrote: "Lenin saw the whole world at once, its entire shame and, most important, injustice. Such people are born once a century."

(Gennadiy Andreyevich added for fairness' sake that Churchill attributed himself to personalities of such magnitude, with which the leader of Russia's communists disagrees, it seems.)

"The Russian Empire cracked not on account of the protest of the Bolsheviks. The contradictions of wild capitalization were rejected by practically the whole of society. The Cadet Party, these enlightened liberals—not today's Zhirinovskiy!—also jumped to the left, shouted 'Down With the Monarchy!' and wore red bows. In December 1916 the leaders of the most important Duma factions went to the tsar and said: Great Sovereign, permit us to form a government that can undertake reforms and clear out this Rasputin camarilla, otherwise there will be trouble.... The present authorities are repeating the same mistakes. I assure you, they will crumble in the very near future."

So, the warrant has been signed.... True, it is unclear what ruined the Communist Party, which was in power. Wild capitalization was not pursued at that time, as we know.

There were, from Zyuganov's viewpoint, many objective reasons. The contradictions, for example, between the sufficiently developed industry and the cowed agriculture. On the other hand, the Politburo, the average age of whose members approached 70, was unable to respond appropriately to the situation, and people who knew neither social democracy nor liberalism and who opted not for a path of evolutionary reforms but revolutionary restructuring had grown up in the party itself.

"The trouble with our Westernizers is that they have always preferred leaps into the unknown. Is it not clear that the type of democracy that exists in Switzerland cannot be installed here in the Caucasus? The Volga will never run into the Mississippi, Gennadiy Zyuganov declares.

[Azarova] About the "Russian way," incidentally. The communists have recently been moving increasingly actively toward a rapprochement with the national patriots.

[Zyuganov] You may be a member at one time of one party, then of another, you may be a citizen of different countries, but never can you be half-Orthodox, half-Muslim. Account needs to be taken of a person's national and cultural genetic type, therefore. When a person says: I am a Russian and I want my compatriots to live as a single family, no way is he a nationalist. Such a position is absolutely normal, as distinct from the Russophobia that is prevalent currently. As far as individual personalities are concerned.... You journalists are yourselves making publicity for Barkashov.

[Azarova] You have declared your intention to run for president. What do you intend to do if you win?

[Zyuganov] It is necessary first and foremost to reform the structure of power. Any person must be under the supervision of a collective body. Otherwise we run the risk of finding ourselves hostages to his character traits or bad habits.

In Zyuganov's opinion, in a federative state a president should, generally, be elected by electors—otherwise the leaders of the components of the Federation in which a majority of the population voted against the winner are entitled to ignore his edicts.

"And when the electors assemble, there is an opportunity to discuss everything, weigh up the alternatives, and to delegate authority to someone or other. But at the same time, if a person does not work out, he can be removed without people being involved in endless wrangling. There should also be a national medical commission, which could summon any person for an examination—this is normal and democratic," Gennadiy Andreyevich believes.

According to him, a whole team would assume office in the event of his election victory—it would include Petr Romanov, Vasiliy Starodubtsev, Mikhail Lapshin, Sergey Glazyev, Viktor Ilyukhin, and many others. But a natural question arises. Based on Zyuganov's logic, a common program would have to be approved by a collegial body, in which there would be more than just his supporters. How would they reach a compromise? And would it not be that a program formulated by, let us say, Zyuganov, Gaydar, Yavlinskiy, and Zhirinovskiy would obviously be untenable, and no leader could or would assume responsibility for such a compromise plan, what is more. Zyuganov, however, does not consider such impediments insuperable.

"The reason for parliament's existence is that people with different political views and experience might assemble there," he says. "You yourselves wanted pluralism. Democracy has its levers: we assembled, discussed, and voted. And whether some people like it or not, it is necessary to comply or to leave. In addition, there is a multitude of questions on which the views of the most varied people coincide. You and I have different beliefs, but we are equally interested in security, in the development of the system of health care, education, transport, in breathing clean air.... In the Duma we will find compromise on many issues with all except the radicals from Russia's Democratic Choice. If, however, you are not prepared for collegial discussions, summon a fuehrer once again. Zhirinovskiy is ready....

Member of Stability Faction Interviewed

954F1503B St. Petersburg NEVSKOYE VREMYA in Russian 21 Feb 95 p 3

[Interview with Aleksey Aleksandrov, deputy of the State Duma, by Viktoriya Rabotnova; place and date not given: "I Am for Cooperation Not With an Individual But With a Policy"]

[FBIS Translated Text] **"Crime studies employ the tactic of causing persons under investigation to fall out and forcing them to give evidence against one another. It sometimes seems to me that some people, endeavoring to ruin all of us, are deliberately setting the branches of power, factions of deputies, and political parties at odds with one another," Aleksey Aleksandrovich, deputy of the State Duma, says. He is an organizer of a new parliamentary faction, which will register officially this week. Despite its peaceful name, Stability, this faction has already found itself at the center of a fair-sized political row. Aleksandrov himself, though, categorically rejects the version of the newspaper MOSKOVSKIY KOMSOMOLETS, according to which the sponsors of the creation of the new association of deputies were aides of the president endeavoring to secure support for him in the State Duma.**

"The idea arose back in the spring," Aleksey Ivanovich says. "We attempted to unite the center democratic forces in a full-fledged group of deputies."

[Rabotnova] So from what factions will the deputies come to you?

[Aleksandrov] From Russia's Choice, Yabloko, the Party of Russian Unity and Accord, the Democratic Party of Russia, even from the LDPR.

[Rabotnova] What connects you?

[Aleksandrov] Primarily the goal: the building in Russia of a democratic state based on the rule of law with a market economy and social programs. A strong state since only a strong state can undertake reforms and ensure the observance of human rights and the sanctity of property.

"Our slogan is dynamic stability," Aleksandrov observes. According to him, the new faction is geared to benevolent, constructive cooperation with the executive. A reasonable question is this: to what extent, from Aleksey Ivanovich's viewpoint, does the policy of the authorities in Chechnya correspond to this idea?

[Aleksandrov] We have practically all agreed in Russia's Choice that Chechnya is an integral part of Russia and that the president cannot be considered some villain merely because he has endeavored to bring order to bear there. But his good intentions have been implemented in such a way as to have done more harm than good. And Sergey Kovalev is absolutely right to call the attention of the whole world to the Chechen tragedy. He is sometimes censured for demoralizing the soldiers—they are carrying out orders, it is said, and here this most celebrated, respected individual is declaring that these orders are criminal. I am convinced that this censure is groundless. Kovalev is by his position helping you gentlemen pragmatists be as clean as possible. And you should know that there is at least some supervision of you.

The differences in the "Choice" concerned mainly the forms of expression of its position. I, for example, am among those who, let us say, viewed the demonstrations organized by the party with something less than delight-....[end Aleksandrov]

As we know, last week Oleg Boyko, chairman of the Executive Committee of Russia's Democratic Choice, tendered his resignation. The conflict between the Political Council and the Executive Committee had long been coming to a head—Boyko, in particular, had been accused of attempting to dictate to the leaders of the party and the faction a line of behavior, refusing to fund projects he disliked. Although the party budget depended only 10 percent on Olba. Aleksey Aleksandrov adduces a different version of the conflict.

[Aleksandrov] As far as I know, the leadership of the faction was adopting important decisions without discussion—many people did not like this. We are putting the emphasis on cooperation. Because if everyone goes into opposition, all transformations will be out of the question.

[Rabotnova] What kind of reforms and what kind of state based on the rule of law are we talking about if we can bomb one of our own cities, wiping out thousands of peaceful inhabitants?

[Aleksandrov] Whatever our attitude toward Yeltsin, the reforms are going ahead. And the democratic constitution is his creation also. Even though it has a mass of shortcomings.[end Aleksandrov]

At the same time, on the other hand, Aleksandrov acknowledges that extraordinarily little has been done. "Appeal to the people, tell them what the prospects are and when results of the reforms will appear, and put the thieves in jail," he says. And once again he returns to Chechnya.

"Had we a professional army, the operation would have been better thought out," he maintains. "They say: The combatants are shooting from kindergartens. Well, it is your business to see where they are shooting from before delivering a return volley."

As before, Aleksey Aleksandrovich advocates the institution of criminal proceedings for the incorrect conduct of the hostilities. The improper execution of one's official duties resulting in serious consequences is a crime, he recalls.

[Rabotnova] Are you not contradicting yourself? On the one hand cooperation with the executive, on the other, criminal proceedings? Have you, by any chance, forgotten who our commander in chief is?

[Aleksandrov] These are not mutually exclusive. I intend to cooperate not with the commander in chief but with the president, not so much with the individual even as with the policy. Criminal proceedings mean an investigation of one episode of the activity. And when the evidence has been assembled, the question, concerning the commander in chief included, can be decided. A good director of a good plant has committed a crime, let us say. Should the plant be razed because of this?

[Rabotnova] Nonetheless, does it not seem to you that we are once again faced with the same choice as at the time of stagnation? You can close your eyes to certain actions of the authorities and seek a compromise. Then, if this is successful, you acquire an opportunity to influence something or other, but there is a risk of playing too long with these compromises and forgetting for what reason you agreed to them. You could say "no" and go into opposition—simply on account of the moral impossibility of cooperating with such authorities. Which will you choose?

[Aleksandrov] Yes, I am a person inclined to compromise, I am even censured for attempting to combine what cannot be combined and to crown a white rose with a black toad. But, in any case, rather compromise than intolerance.

Kozyrev Warns Against 'Hasty' NATO Expansion

LD2802050995 Moscow ITAR-TASS World Service in Russian 0405 GMT 28 Feb 95

[By ITAR-TASS diplomatic correspondents Andrey Kirillov and Vladimir Solntsev]

[FBIS Translated Text] Moscow, 28 Feb (TASS)—"The hasty expansion of NATO is not to the liking" of Russia. ITAR-TASS has learned that Andrey Kozyrev, Russian minister of foreign affairs, stated this here in an interview to a group of Japanese journalists, as he was setting out on a visit to China and Japan today. According to him, "it is not with expanding the old NATO that one needs to hurry, but with the joint quest for ways to transform the alliance, to develop a genuine Russia-NATO partnership."

The head of the Russian Ministry of Foreign Affairs reminded them that at the conference of the Organization for Security and Cooperation in Europe [OSCE] in Budapest a warning was given about the danger of a "cold peace". "In our view, this danger is an extremely real one," he said. "The tendency which manifested itself in December last year, which is aimed at substituting a one-sided bloc approach for genuine partnership, which is fraught with the creation of a zone of unequal security in Europe has seriously worried us."

According to Andrey Kozyrev, Moscow regards "the common understanding reached over the last few years that NATO is not a bloc hostile to democratic Russia, since Russia is not an enemy of NATO either" as the starting point for forming Russia-NATO relations.

"At the present time," the minister continued,"we are undergoing a type of transition period from the old bloc forms of the organization of security and stability to the new ones." In this context, he said, "it is important to reach an accord on the content of Russia-NATO relations for this period and for the future."

"If we shall have dealings with a renewed alliance, which is firmly taking the path of cooperation with Russia, this will help to avoid a new split in Europe, to preserve a single security expanse, and to exclude the possibility of domination on the continent by any state or group of states," Andrey Kozyrev stressed.

Military & Nuclear Issues

Baturin: 'The Aim of Annihilating Dudayev Does Not Arise'

BR2702152995 Madrid EL PAIS in Spanish 27 Feb 95 p 4

[Report on interview with Yuriy Baturin, Yeltsin's adviser for state security, by Pilar Bonet in Moscow; date not given: "Kremlin's Unpredictability Is Threat to Russia's Future"]

[FBIS Translated Text] Moscow—Yuriy Baturin, President Boris Yeltsin's adviser on state security since the beginning of 1994, believes that his country's hierarchy's unpredictability in decisionmaking is one of the main threats looming over Russia today. In order of importance, this 45-year-old official places the Kremlin's "unpredictability" third, after the economic crisis and crime, and ahead of the Chechen crisis and the specter of separatism.

"The process of making political decisions is confused, complicated, and to some extent unknown," Baturin stated in an interview with three journalists, including the EL PAIS correspondent, conducted at the Moscow studios of the U.S. Radio Liberty radio station.

Baturin believes that his country has been in an increasingly rapid state of chaotic movement for 15 years, and that in this difficult Russian transition "it is not worthwhile believing that replacing one person by another will radically improve matters." And he added: "This is not an attempt to justify mistakes but a reality."

Baturin, who is regarded as one of the most democratically minded people in Yeltsin's entourage, has distanced himself from the military intervention in Chechnya, begun 11 December. At that time, he stated, he was outside Russia, and therefore, "by the president's decision," he could not take part "for quite a while" in the decisions of the Security Council; a theoretically consultative body which has played the leading part in the military action against the secessionist republic.

"Some politicians bring to the decisionsmakers proposed solutions which they often even present in the form of official documents," Baturin stated. "Those of us who work with the president suffer because of these cases, not only because we do not monitor the documents but also because this places in an awkward situation the head of state, who signs insufficiently worked out decrees without guarantees concerning the negative consequences," he said.

Baturin is opposed to "unplanned" actions; something, in his opinion, the military intervention in Chechnya is a specific instance of. "In this case, not even the method was chosen: There was no organization; everything was done at a gallop," Baturin asserted. According to him, the political alternative to resolving the conflict was not thoroughly explored, nor was the "intermediate alternative" of "holding talks accompanied by strength." The military intervention was one of the possible ways for the conflict to develop, but was "rather unexpected."

Now, with the military escalation in Chechnya well advanced, "the only possibility of a settlement is by peaceful means." This does not mean that the fighting is going to stop and be replaced by talks. The military operation "will proceed to its logical conclusion," Baturin asserted, since "the wheel does not stop instantaneously." "The period of political regulation will be difficult and will take a long time," asserted Yeltsin's adviser, who analyzes and compares the many plans for a peaceful solution submitted to him by members of parliament and experts. "Some are unworkable and unrealistic. Others are deceptive. The president is acquainted with these plans, and not by hearsay, because I inform him about the Chechen issue every day," Baturin asserted, without ruling out the possibility that Boris Yeltsin could put one of these plans into practice.

"The aim of annihilating Dudayev does not arise," according to Baturin. There were times, he acknowledged, when Yeltsin would have agreed to talk with the Chechen leader, but the president was later convinced that he should not do so, and he still persists in this conviction.

The setbacks suffered by the Russian Army in the Caucasus "should not be attributed to the state of the Armed Forces, which is better than what Chechnya has shown. The nature of that operation, the training and selection of the units, the lack of aims; this whole set of elements did not allow the Army to carry out its task," he asserted.

Grachev Addresses Officer Corps Meeting in Moscow

LD2802120395 Moscow Russian Television Network in Russian 1100 GMT 28 Feb 95

[Video report by correspondent A.Yaroshevskiy; from the "Vesti" newscast]

[FBIS Translated Text] Almost all of Russia's senior officer corps has gathered in Moscow, from corps commanders to commanders in chief. There has not been such a large gathering of officers in recent years. Defense Minister Grachev opened the first meeting of the four-day event today. Grachev spoke about the development of the Chechen conflict from the beginning, about the 30,000 Chechen fighters who were in at the beginning of the war, the hundreds of mercenaries from Muslim countries, and even the Russian buccaneer soldiers who fought and are fighting for Dudayev, but they are not too numerous.

It is too early today to start thinking about an end to the conflict, Grachev said:

[Begin Grachev recording] The Dudayev regime's armed opposition is looking increasingly uncoordinated, but is becoming more embittered and fanatical. Terrorist methods are used widely, the tactic, for example, of launching strikes from behind a human shield, using civilians. [end recording]

It seems that Grachev has something to say to the military leadership, but he did not have one harsh word for the rank and file in this war and made special mention of the marines, the paratroopers, the pilots, and the motorized riflemen.

Terrorist Threat to Nuclear Plants Denied

MM2402145995 Moscow KOMSOMOLSKAYA PRAVDA in Russian 22 Feb 95 p 2

[Interview with Georgiy Chirov, chief of "Rosenergoatom" Department For Physical Protection Of Nuclear Power Stations, and unnamed associates by Andrey Podkopalov under the "Terrorism" rubric; place and date not given: "Will Dudayev's Gunmen Blow Up Russian AES's?"—first paragraph is introduction]

[FBIS Translated Text] In one issue KOMSOMOLSKAYA PRAVDA cited a Chechen gunman's statement of readiness to blow up three Russian AES's [nuclear electric power stations]. How likely is sabotage at Russian nuclear installations? Our questions are answered by Georgiy Chirov, chief of the "Rosenergoatom" Department For Physical Protection Of Nuclear Power Stations, and his associates.

[Podkopalov] How is security ensured at AES's and other nuclear installations?

[Chirov and/or associates] This used to be the job of the "Vympel" subunit. "Vympel" demonstrated high efficiency in the "Atom-92" exercises held under conditions approximating to real conditions. The subject was simple—an armed group taking over a reactor block. The task was to neutralize the group. It was quickly resolved—both with the help of the special equipment and special arms with which the nuclear antiterror subunit was equipped, and with the help of the means available at the station itself—all sorts of "traps" and protection systems, about which we have no right to speak in detail.

[Podkopalov] All very well, but the exercises were held in 1992, and "Vympel" suffered rather badly after October 1993....

[Chirov and/or associates] Yes, the subunit was reformed. But similar services exist even now in the structure of the FCS [Federal Counterintelligence Service], and the professional backbone has been preserved.

[Podkopalov] If I have understood correctly, there is only one well trained detachment for combating nuclear terrorism?

[Chirov and/or associates] No. The security system has been carefully worked out and includes several echelons of defense and protection. First, there is the compulsory stationing of Army and Air Defense units close to AES's. Second, every installation of ours constitutes a kind of fortress capable of withstanding a lengthy siege. Nuclear centers are guarded by internal troops....

[Podkopalov] By 18-year-old boys?

[Chirov and/or associates] No, by professional contract servicemen. In addition to the guarded perimeter consisting of two barbed-wire fences, monitors, and other special means, there are internal posts of the security service. The office premises and engineering structures are isolated from each other and broken down into zones, access to which is strictly controlled: Personnel of the engine room, for example, have no right of access to the reactor hall. The circle of people working in important zones is extremely restricted. An outsider simply cannot get to them. True, there are routes for conducted tours, but they do not include vitally important installations. Incidentally, in connection with the Chechen events all AES's have been instructed to call a temporary halt to conducted tours.

[Podkopalov] And yet would a well-armed group of terrorists, once they had entered a station's grounds, be capable of taking it over and arranging for a second Chernobyl?

[Chirov and/or associates] No. There would be an armed rebuff—on the part of the installation's security service, on the part of the Army unit, and on the part of the FCS special subunits, which would be brought in very quickly. But let us assume the improbable—terrorists succeed in penetrating the installation's grounds. Here, according to the regulations, all the vitally important zones will be blocked—the doors and sluices will be closed, and these are not just doors but defensive structures weighing many tonnes. Most importantly, at the first sign of an attack the reactor is halted or "extinguished," after which it will only be possible to start it up again 24 hours later—an excess of "neutron poisons" simply forms in the active zone, preventing a chain reaction....

[Podkopalov] And yet a reactor can still be blown up when it has been "extinguished"—there is enough radioactive dirt in it....

[Chirov and/or associates] Easier said than done. The "pile" itself is isolated by a steel jacket and a meters-thick layer of concrete, to which there is simply no access. The "cover," through which fuel is loaded and unloaded, is also protected by concrete and constitutes a thick steel plate on giant pins which can only be opened with the help of a machine, and the operation takes several hours. It would take at least a carload of explosives to blow up all this. Even then it would hardly do it.... For the reactor block was designed in such a way as to withstand, for example, a ramming by an F-16 fighter diving right onto the block's roof from an altitude of several kilometers at an initial velocity of 850 km per hour.

[Podkopalov] OK, the station will withstand an armed raid. But what if terrorists use threats or bribery to recruit someone among the AES personnel, or an operator simply goes crazy?

[Chirov and/or associates] Operators undergo a no less thorough medical checkup than a flyer does before becoming a pilot, and in the event of deviations, they are dismissed. Second, their work is duplicated three times over, i.e. a process is controlled not by one person but by three, any one of whom is capable of blocking incorrect actions. Third, the automatic protection and blocking system will not allow the regulations to be violated—they are a kind of arresting device, or "foolproof" devices, and cannot be switched off.

[Podkopalov] In addition to the reactor, a danger is also posed by spent nuclear fuel, which is transported on the ordinary railroads. These are considered far more "attractive" terrorist targets....

[Chirov and/or associates] Yes, you are right. But a security system has also been worked out in the sphere of fuel shipments. These special trains are designated by a letter, and their route and running time are top secret. They have a "green light" along their route and no stops, and are obliged to bypass major population centers. The design of the containers is such that their hermetic sealing is ensured both in the case of a fall from a great height and in the case of prolonged exposure to high temperatures....

[Podkopalov] But what if such a container were to be hit from a grenade launcher, for example?

[Chirov and/or associates] It would withstand it. They have been tested by firing antitank artillery at them. And dropping them, no matter where from—even from a helicopter. [Answer ends]

...In conversation with employees of the Ministry of Atomic Energy and of AES's I tried to speak also about another area of work on ensuring the security of nuclear installations. I did not manage it—it is a very delicate topic. Those who have worked in the nuclear industry have excellent knowledge of the special services' informers, whose concentration among personnel and the local population is directly proportional to the installation's significance and danger. It is said to be as high as 20 percent at AES's, i.e. one in every five regularly reports not only on the most insignificant glitches and violations in a process but also on his colleagues' moods, problems, and troubles. It is quite possible that this work is far more effective than tanks and the special means of the aforesaid "Vympel."

Media Issues

Chernomyrdin Reportedly To Sack Press Committee Chairman

LD2702112795 Moscow Radiostantsiya Ekho Moskvy in Russian 1100 GMT 27 Feb 95

[FBIS Translated Text] The Russian prime minister is drafting orders to remove Sergey Gryzunov, chairman of the State Committee for the Press, from his post. Gryzunov reported this himself in an interview with Moscow Echo.

Confirms Proposals on Gryzunov's Resignation

LD2702170995 Moscow ITAR-TASS World Service in Russian 1636 GMT 27 Feb 95

[By ITAR-TASS correspondent Tamara Ivanova]

[FBIS Translated Text] Moscow, 27 Feb—Russian Prime Minister Viktor Chernomyrdin met the work force of the all-Russian State Television and Radio Company today and confirmed that the resignation of Sergey Gryzunov, chairman of the Russian Federation Press Committee, was on the cards.

Replying to TV journalist Nikolay Svanidze, the prime minister let it be understood that it was a foregone conclusion. The prime minister did not go into the reasons behind the resignation and confined himself to a cryptic: "You know yourselves why."

Yeltsin Orders Chernomyrdin Not To Dismiss Press Chief

LD2802092995 Moscow Radio Rossii Network in Russian 0900 GMT 28 Feb 95

[FBIS Translated Text] INTERFAX reports that Boris Yeltsin today instructed Viktor Chernomyrdin to suspend the procedure for the dismissal of Sergey Gryzunov, chairman of the Russian Federation Press Committee. The agency learned from a Kremlin source that this was due to the adverse reaction from the public and journalistic circles to reports about Gryzunov's possible dismissal, and to the absence of clear reasons for removing Gryzunov from his post.

Regional Issues

North Ossetia's Galazov Rules Out Caucasian War

LD2702132495 Moscow ITAR-TASS in English 1229 GMT 27 Feb 95

[By ITAR-TASS correspondent Valeriy Shanayev]

[FBIS Transcribed Text] Vladikavkaz February 27 TASS—The president of the Caucasian republic of North Ossetia, which borders on Chechnya, said on Monday the Chechen conflict would not develop into a new Caucasian war as republics of the region would not back Chechen separatist leader Dzhokhar Dudayev.

"Those politologists who predicted a second Caucasian war in our region were wrong. It will not occur. I am well aware of the opinion on this account of leaders of the republics, territories and regions of the Caucasus", Askharbek Galazov said at a meeting with Russian First Deputy Prime Minister Oleg Soskovets who arrived in the North Ossetian town of Mozdok on Monday.

"Caucasian leaders have no moral right to interfere into the (Chechen) conflict", Galazov said adding that the main task of the leaders of the region is to help settle the crisis politically.

Galazov believes the Chechen crisis should be solved together with other interethnic problems which emerged after the collapse of the Soviet Union. "The Russian president, government and parliament should have a well-thought out state nationalities policy for the Caucasus", he said.

Galazov was clearly referring to the interethnic and territorial conflict between his republic and neighbouring Ingushetia.

Soskovets, who is the presidential envoy to the zone of the Chechen conflict, made a stop-over in Mozdok on his way to Groznyy. The main aim of his trip is to draft a restoration programme for Chechnya.

Reportage, Commentary on Situation in Chechnya

Chechen General Maskhadov Interviewed

MK2802084095 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 28 Feb 95 pp 1, 2

[Interview with General Aslan Maskhadov, commander of the Chechen Armed Forces, by Aleksandr Minkin: "General Maskhadov: 'Chechen Losses, About 600; Russian Army Loses, Over 12,000'"—place not given, "at the end of last week"]

[FBIS Translated Excerpt] The wise Grachev produces on normal people the impression of a mentally disabled person. He stubbornly continues to assert that our army is disarming bandit formations in Chechnya. [passage omitted]

When Grachev talks about bandit formations, he is guided only by his egotism, only his hope of avoiding criminal proceedings. He does not care at all about the fact that he continues to ruin the army and its authority.

If the entire Russian Army, aided by the interior and border troops, using strategic bombers, multiple rocket launchers, combat helicopters armed with antitank guided missiles, and so forth cannot crush the bandits, then either these are not bandits or this is not an army.

The Chechen Armed Forces are headed by General Aslan Maskhadov. At the end of last week he gave an interview for MOSKOVSKIY KOMSOMOLETS. [passage omitted]

[Minkin] Who did sell (or give) you arms: Shaposhnikov? Grachev? Or someone else?

[Maskhadov] Grachev. By 1992 the weapons depots were guarded by 600 officers. Soldiers who completed their compulsory service term were discharged. But we no longer allowed new draftees to enter Chechnya. Grachev said at the time that the lives of both the officers and their families were under threat. This statement by Grachev was of great help to us. It broke the officers' morale and we managed overnight to take them to the border and let them go.

[Minkin] Will you, please, characterize the roles of Rutskoy, Grachev, Khasbulatov, Shakhray, Stepashin, Yerin.

[Maskhadov] Khasbulatov was doing one stupid thing after another. He had himself surrounded with bandits, who covered him with bullet-proof vests at rallies, while there was no threat at all. People saw him in fear. He brought his authority to naught very quickly. Rutskoy greatly assisted us by his ill-conceived imposition of a state of emergency. At the time there were three on-going rallies in Chechnya. After the state of emergency was announced the three rallies merged into one. Grachev is the butcher of Chechnya. There have been no such barbarism, such bombardments of civilian cities in peacetime in history. Shakhray is an "expert on the Caucasus" (Maskhadov pronounced this title with contempt and irony—A.M.), his role is that of a provocateur. I do not know what he gained for himself, but he has done great damage to Russia. Stepashin is the most lackluster chief. With such forces, with such an agent network they could have arrested Dudayev and those few whose absence would have beheaded Chechnya. As for Yerin, giving his a characteristic would make no sense at all. He is just a nonentity.

[Minkin] Before the war terrorist acts—hostage taking—occurred in Mineralnyye Vody on a regular basis.

[Maskhadov] We held an extremely negative view on that. We are certain that these were Federal Counterintelligence Service [FCS] provocations. On hearing about yet another attempt we joked bitterly: when they get caught, they will turn out to be Chechens. It will turn out that their helicopter was flying toward Chechnya. Each time the terrorists asked for several million dollars. Why should we ruin our state's reputation for this amount? We wanted international recognition. Who would talk to us if a trial proved that this is state terrorism? I repeat, this is an FCS provocation, just like the severed heads. [passage omitted]

[Minkin] What is your estimate of the losses sustained by the Chechen and Russian sides?

[Maskhadov] We lost about 600 people. The Russian Army, over 12,000. I am certain that the figure is greater, but I prefer to cite the minimum. (Maskhadov's data arouse great doubts. But our official data are outright lies, too.—A.M.)

[Minkin] What is your attitude to talks?

[Maskhadov] We are ready for talks. We are dreaming for the war to stop—our women and children are being killed every day. But, alas, there is still no hope. I remember very well my telephone conversation with Gen. Babichev. This was in mid-January. I managed to make contact with him: "Let us stop hostilities for a day. Take away your dead." Babichev answered: "We have no time." And suggested that I surrender. [passage omitted]

Federal Troops Shell Positions West of Groznyy

LD2402211395 Moscow INTERFAX in English 1945 GMT 24 Feb 95

[FBIS Transcribed Text] Groznyy, Feb 24 (Interfax)—Federal troops shelled Chechen positions near the villages Samashki and Zakan-Yurt, located 20 kilometers to the west of Groznyy, with Grad multiple launchers Friday afternoon, an Interfax correspondent reported from the conflict area.

This evening, exchange of gunfire was registered in Chernorechye in the suburbs of Groznyy controlled by pro-Dudayev militants.

The Russian troops also shelled the villages Alkhan-Yurt and Alkhan-Kala to the southwest from Groznyy with artillery systems.

Meanwhile, the federal checkpoint on the border with Ingushetia distributes leaflets appealing to report Dzhokhar Dudayev's location. It accuses Dudayev of usurping power in the Chechen-Ingush republic, disbanding the constitutional bodies and fanning ethnic, social and confessional differences." [quotation marks as received] Those who will report Dudayev's location will be guaranteed anonymity, personal safety and legal protection, according to the leaflet.

58 Chechens Reported Killed During Past 24 Hours

LD2702171195 Moscow NTV in Russian 1600 GMT 27 Feb 95

[Report by NTV correspondent Andrey Cherkasov in Chechnya]

[FBIS Translated Excerpt] [Passage omitted: Two bridges were blown up in Dagestan this morning, Russian troops have reportedly encircled Groznyy with a second ring] The main forces of the Chechen militia are now concentrating in the towns of Argun and Gudermes. Russian aviation is carrying out air strikes on their strongholds in these localities. In the past 24 hours, 15 Russian Defense Ministry troops were wounded by snipers and mortar fire. There were no casualties among Interior Ministry troops. According to the Interior Ministry, the Chechen side's losses in the past 24 hours amounted to 58 fighters killed, plus two armored personnel carriers and one ammunition depot destroyed. One Russian servicemen captured earlier was exchanged soon afterward.

Two SU-25's Said Downed by U.S. Guns

LD2702204695 Moscow Radiostantsiya Ekho Moskvy in Russian 1900 GMT 27 Feb 95

[FBIS Translated Text] On the situation in Chechnya. The press service of the Russian Government reported today that the federal troops had finished setting up the second external ring around Groznyy, and now the militants will not be able to penetrate into the town.

Meanwhile, we have learned from sources in Ingushetia that clashes between Russian troops and the Chechen militants continued in the areas of the towns of Argun and Gudermes.

In the Chechen-Aul area two Russian SU-25 military planes were downed. American Chaparral anti-aircraft guns were used for this purpose, reports the Chechen press agency. Nothing is known of the pilots' fate.

According to the same information, Russian troops confiscated two trucks with humanitarian aid that were heading for the southern parts of Chechnya.

Bombardment of Chechen Towns Continues

LD2802112095 Moscow Radiostantsiya Ekho Moskvy in Russian 1100 GMT 28 Feb 95

[FBIS Translated Text] The bombardment of the Chechen towns of Gudermes, Argun, and Alkhan-Yurt is continuing. We were told about this by Ingushetia's operational headquarters.

Grachev: Dudayev Basing Resistance in Gudermes, Shali

LD2802122095 Moscow INTERFAX in English 1126 GMT 28 Feb 95

[FBIS Transcribed Text] Feb 28 (Interfax)—Dzhokhar Dudayev and his supporters are trying to turn Gudermes and Shali into strongholds of resistance to the federal authorities, Russia's Defense Minister Pavel Grachev told his ministry's senior leaders, summing up the preliminary results of the Chechen operation.

He said that by agreeing to hold talks with the commanders of the joint federal grouping, the militants are trying to gain time for replenishing their arsenals and units. "As before, mercenaries from North Caucasian republics, Muslims countries and the Middle East continue to arrive in Chechnya," said the minister.

He also said that although Dudayev's largest grouping was destroyed during fighting for Grozny, "terrorist acts might be staged by scattered illegal armed groups against Russian troops."

According to his sources, about 30,000 militants and 6,000 mercenaries from Tajikistan, Afghanistan and Baltic countries, and also 1,200 criminals finding refuge in Chechnya, had fought on Dudayev's side. He announced that during combat operations, the federal troops seized and destroyed 98 tanks, 150 armored vehicles, 300 artillery systems, about 500 anti-aircraft systems and 1,600 anti-tank facilities.

He said that by the beginning of the operation, the joint federal grouping had 23,800 men, including 19,000 army servicemen and 4,700 Interior troops, equipped with 80 tanks, 208 armored vehicles and 182 mortars. "The heaviest burden was carried by the ground, air and airborne forces," said Grachev.

He said that combat operations involved, on the side of the federal troops, 38,000 men, 230 tanks, 454 armored vehicles and 388 mortars and artillery pieces. They were opposed by about 15,000 militants equipped with 50 tanks, about 150 anti-aircraft facilities, 100 armored vehicles and 60 artillery pieces and mortars.

The conference was attended by Secretary of the Security Council Oleg Lobov, Chairman of the Federation Council Vladimir Shumeyko, Cabinet members and deputies of the Russian parliament.

Nizhniy Novgorod Political Spectrum Viewed

954F1392A Nizhniy Novgorod LENINSKAYA SMENA in Russian 14 Feb 95 p 2

[Article by the Analytical Center of the Information Agency PROVINTSIYA: "Provincial Notes"]

[FBIS Translated Text] We are starting a series of articles on the Nizhniy Novgorod political spectrum, its various currents, features, developmental trends, system of mutual relations, and leaders. The discussion nature of the themes was set forth previously in this publication.

The more than five-year period of building a multiparty system in Russia makes it possible to identify several basic characteristics of this movement:

—the formation of a new political party and movements occurs in Moscow, and only afterwards does an active search for supporters take place in the province;

—the number of parties and movements corresponds to the number of political leaders in Russia;

—within the framework of one political structure, the regional (provincial) leaders are hostages of the Moscow leaders, and the regional organizations quite frequently learn from the central press about the kinds of decisions that are being made by their Moscow leadership.

All of the foregoing makes it possible to reach the first conclusion: The number of political parties and movements registered in Moscow exceeds the capabilities of the active political members of a province.

More than 50 political parties and movements are actively functioning at the present time in Moscow—of course, sometimes in the person of only one leader. A majority of these parties was unable to register even a regional cell in Nizhniy Novgorod, and all that was necessary for this was only the goodwill of 10 persons. At the same time, a sufficient number of political structures exists in Nizhniy Novgorod that do not have counterparts at the Russian level. Only after examining the entire political spectrum is it possible to realize the peculiarities of Nizhniy Novgorod's political life. To do this, it is necessary on a purely relative basis to break down the entire spectrum into several factions.

1. Democratic organizations. The democratic faction includes K. Borovoy's Economic Freedom Party; Russia's Democratic Choice Party—leader Ye. Gaydar; G. Yavlinskiy's Yabloko movement; S. Shakhray's Party of Russian Unity and Accord; the Russia's Choice movement; the Democratic Russia movement, which is disappearing before our eyes; and the Republican Party of Russia—these are the main forces of the democrats in the center.

What forces of the democrats are known in Nizhniy Novgorod? (Here and further on, the information is not on the level of registration of these or other political structures in the department of justice of the oblast administration, but on the level of political actions conducted by a structure, appearances in the mass media, and also on the level of the activity of the leaders.)

The Economic Freedom Party—rumors arise periodically in Nizhniy Novgorod's society that this kind of party all the same exists on Nizhniy Novgorod land, and the surname of the local chairman is even mentioned, but each time this information is not corroborated. It is more likely that the active work of business and politics are incompatible.

In the absence of the EFP [Economic Freedom Party], it is necessary for the more radical democrats to recognize the members of Russia's Democratic Choice Party. Following the idea of Yegor Gaydar that the RDC (Russia's Democratic Choice) Party should be a parliamentary and not a rally type of party, it can be assumed that the matrix structure of the RDC is the Democratic Russia movement—Russia's Choice movement is probably awaiting the fate of the Democratic Russia movement, which, having fulfilled its historic mission, has left the political scene. Probably this is also understood by Stanislav Smirnov, the leader of the local Russia's Choice organization, who sometimes makes statements that obviously differ from the political policy of the movement. But the political face of the RDC Party is personified by 65-year old Yevgeniy Zagryadskiy.

When alluding to the Republican Party of Russia, two names come up: Aleksandr Sukhanov, who was nominated to the State Duma on the Russia's Choice ballot—and who is now well-known for his speeches on radio in the rank of a political scientist, and Oleg Rozhko—a worker in the apparatus of the representative of the president for Nizhniy Novgorod Oblast.

S. Shakhray's PRES [Party of Russian Unity and Accord], announced as a party of the regions, does not have any kind of representation in Nizhniy Novgorod Oblast, just as it does not have any in a majority of the other regions of Russia. Attempts to find out, nonetheless, who represents the Nizhniy Novgorod PRES organization in Moscow led the experts to a curious environment. The whole thing is that Sergey Kapterev, who is perceived by many as the representative of the Nizhniy Novgorod PRES organization, already registered several political structures before this in the justice department of the oblast administration; moreover, of absolutely different orientations. This fact, without any doubt, can be relegated to the category of phenomena of provincial politics.

2. Social-Democratic organizations. The Social-Democratic faction in its present hypostasis represents, it would seem, several mutually exclusive organizations: the Social-Democratic Party of Russia, the Free Democratic Party of Russia, the Russian Social- Democratic People's Party, the Russian Movement for Democratic Reform, and the Socialist Workers Party.

The SWP [Socialist Workers Party]—the local leader is Aleksandr Maltsev, the deputy chairman of the Nizhniy Novgorod City Duma—one of the fragments of the Communist Party, which has obviously taken the path of social democracy. The representative of the FDPR [Free-Democratic Party of Russia] in Nizhniy Novgorod Oblast is considered to be Viktor Chumak, who prefers not to advertise this fact widely. The Social-Democratic Party of Russia—the local leader is Sergey Kocherov—which was able to lead two- sixths of its party, finally split its ranks, but the entry into social democracy of the well-known politicians Gavril Popov (RMDR) [Russian Movement for Democratic Reform] and Aleksandr Yakovlev, who now oversees all Russian television, make the political steps of Nizhniy Novgorod social-democrats completely dependent on the situation in Moscow.

In attempting to conduct an independent and consistent social- democratic policy, the local "Rutskoyists" (Russian Social-Democratic People's Party)—Boris Sevryugin, Stanislav Romanenko, and Sergey Savenkov—will be forced to correlate their own actions with the possible active political steps of Aleksandr Rutskoy. The Russian Movement for Democratic Reform—this is Sergey Kapterev, Yevgeniy Sabashnikov, and Vladimir Yershov, but these are all names from the recent past. It is difficult to say now who can be identified with this movement today.

3. Centrist organizations. Structures that mention "centrism" in their program documents, or that are closer to the center in these or other large public movements, can be merely conditionally related to centrist movements. These are the Agrarian Party of Russia and the Democratic Party of Russia, which occupy a niche in the Civic Union; the Federation of Commodity Producers of Russia and the Renewal Union, the Association of the Democratic Center, and the Congress of Russian Communities movement, which advocates enlightened patriotism. The Agrarian Party, whose local leaders are Boris Chernov and Nikolay Kosterin, and the Democratic Party—Oleg Maslov, Gennadiy Rumyantsev, Sergey Tsvetov, and Anatoliy Slyusarev, plus State Duma Deputy Irina Zubkevich—are sufficiently engaged to dwell on them separately; the rest are in a state of formation, and this is the subject of the next article.

4. Patriotic organizations. Perhaps the patriotic faction in the Russian spectrum already at this time does not yield to the democratic faction. The Russian People's Union, A. Rutskoy's State movement, the National-Republican Party, the Russian National Council, Russian National Unity, and Pamyat by no means make up the entire list of patriotic organizations. The Nizhniy Novgorod section are the Russian National Center of Vadim Andryukhin, which it is probably necessary to view as a subdivision of A. Barkashov's Russian National Unity, and Vladimir Maystrenko's Russian Patriotic Club, as a subdivision of I.A. Artemov's Russian National Union; and Yevgeniy Kuznetsov's Russian Patriotic Society Fatherland does not have a Russian structure, but it has a counterpart at the Moscow level.

The last six months showed that Vladimir Maystrenko, who was able to conduct two unifying measures, was growing into a fully fledged leader of the Nizhniy Novgorod patriots. The first—within the framework of the Nizhniy Novgorod Russian community (with the enlistment of the democrats), and the second—the purely patriotic association Russian Kray, which took place not very long ago. At the same time, the lack of political experience and financial resources can hardly make the patriots a vital factor in the political life of Nizhniy Novgorod in the near term. It is most likely that they will restrict themselves to activity in the Community Chamber under the coordination council of Nizhniy Novgorod Oblast, which was created for them especially.

5. Communist organizations. Existing at the Russian level, G. Zyuganov's CPRF [Communist Party of the Russian Federation], N. Andreyeva's ACPB [All-Russian Communist Party of Bolsheviks], and the RCWP [Russian Communist Workers Party] of V. Anpilov and V. Tyulkin have their Nizhniy Novgorod counterparts, but while the Nizhniy Novgorod patriots arrived at a certain unity, there is no unity in the communist environment, and it is hardly likely that there will be. The unifying efforts of Nikolay Benediktov are well known, but, probably, the contradictions among the leaders of the various communist organizations are too great.

6. Zhirinovskiy's Liberal-Democrats. The peculiarities of the position of this organization in the Russian political spectrum and in Nizhniy Novgorod does not make it possible to include it among the patriotic organizations. The withdrawal from the party of the former local leader, Igor Veletminskiy (his Liberal Democratic Party of Russia comrades attempted to ascertain his nationality), and the failure in local elections are facts that indicate that this organization has already outlived its heyday.

7. Local organizations. The social-political club Civic Initiative of Vladimir Okmyanskiy and Sergey Speranskiy, the Nizhniy Novgorod department of the Social Committee of Russian Reforms (SCRR) of Yevgeniy Nenashev, and the organizations established by Gennadiy Burbulis and barely existing now on a Russian level, can be safely assigned to the democrats, and the socio-political club For the Power of the People—to the communists. All structures of a strictly Nizhniy Novgorod cut are united only by a fight for local authority that is separate from what is occurring in Moscow.

8. Marginals. All of the organizations that have the word "Christian" in their title can be confidently listed among those organizations that identify themselves only in the Nizhniy Novgorod political spectrum. The best-known to Nizhniy Novgorod residents are Igor Zverev and Yelena Shamshina. Attempts to find something similar behind these leaders ended without result. But it is necessary to add here the Nizhniy Novgorod human rights organization (Sergey Shimovolos and Aleksandr Mazurin) and all of the newly born trade union organizations, starting with the Sotsprof [Social Trade Union] of Petr Sudakov, and ending with the trade union of Sormovo resident Semen Bulatkin.

9. Executive authority and organizations that serve it. Even a brief survey of the Nizhniy Novgorod political spectrum makes it possible to come to the conclusion that the development of a multiparty system in the region and, accordingly, in Russia is in its earliest stage. The one-party system actually continues to exist in the country, only the position of the CPSU is occupied by the **EXECUTIVE AUTHORITY**, and it does not need any kind of party. In a broad sense, it is self-sufficient, but it needs certain attributes for the preservation of its monopoly power. First—the mass media. In one or another degree, a majority of the mass media exist on budget money; that is, they are dependent by definition. Second—financial sources. Participation in the elections with the use of resources from the budget is an illegal act; therefore, numerous fully legal methods of acquiring the necessary money for the conduct of elections exist, and, specifically, funds.

The Choice Fund, headed by Georgiy Molokin, was from the very beginning created with the involvement of people from the banking sphere, and the best-known of these are Boris Grishchenko (Volgo-Oka Foreign Trade Bank) and Vladimir Kartsev (Nizhniy Novgorod Finances).

The Business Fund—the best-known representatives are Vladimir Spitsin, Vladilen Izraitel, and Stanislav Zakharov—from the very beginning it oriented itself on serving well-to-do clients, and it also attracted representatives from the financial sphere—Sergey Kiriyenko (Guaranty Bank) and Aleksey Likhachev (Aval Insurance Company).

An organization under the title Spring Union should be especially highlighted. It is this organization that, together with Anatoliy Nekrasov, is developing the newest mechanisms for conducting election campaigns. This fact, that a number of members of this organization became deputies, significantly improved the mood of the governor and worsened the mood of the clients of Prominbank, on whose money the Spring Union conducted its electoral campaign. A former assistant of Boris Nemtsov, now the leader of Spring Union and deputy chairman of the board of Prominbank, Dmitriy Arzhanov, became a deputy of the oblast Legislative Assembly. But Spring Union itself is the main strike force of the executive authority in the forthcoming elections.

The presence of a number of democratic structures is necessary to the current executive authority only for the creation of a democratic entourage during the elections. But to add color, the executive authority can also be supported by the Cossacks, who recently elected Boris Nemtsov an honorary Cossack.

So, there you have the Nizhniy Novgorod political spectrum—there is no stability in the world outlook of many of the political leaders, and it is difficult to say how one or another political structure will behave in the impending political events. But this is the subject of the next article.

Economic Issues

Economic Relations With France Viewed

MM2802095795 Moscow IZVESTIYA in Russian 28 Feb 95 p 3

[Report by Yuriy Kovalenko: "Moscow Deems French Unimportant Cooperators, While Paris Deems Russians Bad Legislators"]

[FBIS Translated Text] Paris—The week which has just begun promises to be marked by a reanimation of Russian-French trade and economic relations, which are floundering in a state of protracted depression.

The long-awaited session of the bilateral Council for Economic, Financial, Industrial, and Trade Questions opens in a few days' time. And on Friday, Prime Minister Viktor Chernomyrdin flies to Paris for a day.

The council, which, in theory, is intended to play a guiding role in bilateral relations, has not convened for two years, and the fault here is ours. In all this time, owing to administrative confusion—much to Paris' great dissatisfaction—Moscow has simply been unable to appoint the chairman of the Russian side. In the end, they appointed Oleg Soskovets, later to replace him with Sergey Shakhray.

One of the main problems is that of financing projects. Major investors are biding their time. Among European countries, France, according to some data, is somewhere toward the bottom of the top 10 in terms of capital investment in our economy. The Russians reproach the French for their "peasant" approach to cooperation—for their excessive caution and circumspection, and their reluctance to take a risk. The French counter the reproaches with references to the lack of Russian legislation.

The road to cooperation is strewn not only with bureaucratic "pitfalls" but, you could say, with mines too—in the direct sense of this word. It turns out that unexploded mortars from World War II still remain in certain regions through which it is possible that a high-speed rail track from Moscow to St. Petersburg will be laid with French help.

But let's not go overboard here. Our snipers will be able to defuse the mortars and the train of cooperation will not be derailed. In addition, there are positive signals. The dairy produce company "Danone" has its own foodstore in Moscow. "Moulinex," the domestic appliance firm, and "Yves Rocher, the cosmetics company, have both broken into the Russian market. Three banks—"Credit Lyonnais," "Banque Nationale de Paris," and "Societe Generale"—have opened branches in Russia. And "L'Oreal," despite problems with the joint venture, doubles the number of its clients in Russia every year owing to sales of its products.

At the same time, it is in the very creation of joint ventures that the wariness of the French manifests itself blatantly. So it is that in Kaliningrad Oblast, out of 700 joint ventures, just five were set up with the participation of the French, and of these only one is actually operational.

There are many promising areas of cooperation—the oil and gas industry, telecommunications, nuclear power, the aerospace industry, chemicals, and metallurgy. The Russians intend to put the emphasis on the military-technical sphere—in particular, aircraft technology, missile design, and armaments, as well as joint conversion projects, especially those concerning the production of washing machines.

Given that IZVESTIYA has often written about the Krasnoyarsk Aluminum Plant, I will highlight the project by the French firm "Pechinet" to modernize it with due account of ecological factors, estimated at over $1 billion.

Luckily, grandiose projects do not overshadow the dramatic lot of certain of our compatriots, whom the fatherland is not abandoning to the hands of fate. At the Paris meeting, our side intends to broach the subject of the fate of Anatoly Kalashnikov, financial director of the Franco-Russian Joint Stock Company "Slava," and accountant Nataliya Mikoyan. For more than three months, they have been rotting in a French prison on various preliminary charges, including concealing part of their earnings. The charges, in Moscow's view, clearly do not justify such harsh treatment.

Chernomyrdin Says Economic Decline Will Slow This Year

LD2702204795 Moscow ITAR-TASS in English 1924 GMT 27 Feb 95

[By ITAR-TASS correspondent Gennadiy Yezhov]

[FBIS Transcribed Text] Moscow February 27 TASS—Russian Prime Minister Viktor Chernomyrdin said that production decline will continue to drop in Russia in 1995 and structural reform will gain momentum.

Speaking at a meeting with the leaders and journalists of the All-Russia State Television and Radio Broadcasting Company in Moscow on Monday, Chernomyrdin said that the adoption of the budget by the State Duma has set the pace of the country's economic development in the future.

The premier stressed that production decline is slowing down. In 1994 it was 23 per cent. The figures for January 1995 give grounds to hope that it will continue to decline this year.

After production decline has been stopped, Russia will be able to start attracting large foreign investments, he said. Chernomyrdin expressed the hope that in 1995-96 structural reform in Russia will gain momentum and will near completion.

At the same time, he pointed out that "the year 1995 will a very difficult one." The premier said that the government has managed to pursue a tough fiscal policy and it hopes to bring inflation to five per cent a month by the middle of the year.

He said that the budget deficit will be paid mostly from foreign loans granted by international finance organisations and through the issuance and sale of short-term government bonds. The government also intends to reduce the amount of credits drawn from the central banks.

Speaking about the situation in Chechnya, the prime minister drew the journalists' attention to the fact that the alarming situation in the Chechen Republic had long been ignored, which was a serious mistake. "We were playing for time in hope to resolve the situation without spilling blood. But apparently, someone was interested in the opposite outcome," he said.

The major challenge facing the government now is to restore the devastated Chechen economy, which will require a lot of time and effort. Housing construction is one of the top priorities, he added. "The most important thing is to return people to their homes," Chernomyrdin said. He noted that the "Caspian project" to build a pipeline through Chechnya "remains in effect, but its implementation will take time."

Speaking about the families of the Chechen conflict victims and mias, the premier said that "the government will pay them compensation."

Chernomyrdin severly criticised agricultural reform in Russia and expressed the doubt that Russian agriculture is capable of providing the country with food.

EU To Grant $95 Million Aid for Economic Stabilization

WS2702160495 Minsk BELAPAN in English 1200 GMT 27 Feb 95

[FBIS Transcribed Text] The financial organ of the European Union—the Council of Ministers of Finance—has resolved to back up the proposal of the EU to render Belarus financial support amounting to 75 million ECU [European Currency Unit] (about $95 million) for maintaining macroeconomic stabilization, and for overcoming difficulties in the balance of payments. In the opinion of the European Commission, this decision was caused by the fact that in recent months the economic situation in Belarus became considerably worse but the new programme to lift the economy from crisis levels, which was worked out in cooperation with the International Monetary Fund, has the necessary and sufficient conditions for the achievement of macroeconomic stabilization and structural reconstruction in the country. Having pointed out that the Republic of Belarus is meeting its financial engagements as regards the EU, the European Commission hopes that the decision will allow the IMF to decide on a positive answer to the question concerning the Fund's financial support to Belarus, extended through a stand-by arrangement, by the end of March.

Lukashenka To Sign Economic Agreements in Brussels

WS2802092795 Minsk BELAPAN in English 0815 GMT 28 Feb 95

[FBIS Transcribed Text] The President of the Republic of Belarus Alyaksandr Lukashenka is expected to arrive in Brussels on an official visit from 5-6 March. He is supposed to meet the leaders of the European Union, the King of Belgium, the Belgian prime minister, and the minister for foreign affairs. During the visit, agreements on cooperation and partnership, on the avoidance of double taxation, on road communication, on mutual contacts and cooperation are to be signed.

Report on Industrialists' Union Annual Meeting

954E0573B Moscow RABOCHAYA TRIBUNA in Russian 14 Feb 95 pp 1,3

[Article by Nataliya Korkonosenko, RABOCHAYA TRIBUNA correspondent: "Arkadiy Volskiy Suggests Taking on Roosevelt as a Helper: St. Petersburg Industrialists and Entrepreneurs Prepared To Propose Real Measures To Solve the Crisis"]

[FBIS Translated Text] St. Petersburg—The annual meeting of the St. Petersburg Union of Industrialists and Entrepreneurs [SPP] has been held. After discussing the socioeconomic situation in the country and the region, the leaders of St. Petersburg industry and private business came to the following conclusion: There is no point relying on the government, which has discredited the reforms and allowed massive impoverishment. They themselves must lead the region out of the crisis.

Taking part in the work of the meeting were SPP President A. Volskiy and A. Sobchak, the mayor of St. Petersburg.

I had occasion to see in the new year of 1994 at the Kirovskiy Plant in the company of those who were now sitting in the meeting hall at Smolnyy. I recall at the time I made approximately the following toast: "To us journalists. We are tired of being the chroniclers of collapse and are experiencing a certain nostalgia for triumphant reporting."

My wish did not come true, but will it in the foreseeable future? The past year was not the low point in the crisis, as we were promised. There is nothing—and no one—to halt the Russian economy's continuing downhill slide, it seems.

In his speech, Arkadiy Volskiy said that for an answer to many questions he was now turning to... Roosevelt. "At my request I have had 300 pages of Roosevelt's anticrisis program translated. The first law he passed was a law 'On Honesty.' Such a law could scarcely get through our State Duma. But Sevenard would pass it." (At the presidium table sat Yuriy Sevenard, State Duma deputy and in the recent past general director of Petrogidroenergospetsstroy—N.K.).

Viktor Kharchenko, president of the SPP, opened his report with a sad statement: "The economic crisis in Russia is close to a world record in length." He marked out even less hopeful positions in the state of the city's economy.

The volume of industrial output in St. Petersburg last year came to R6.87 trillion, a drop in comparable prices to the analogous period of last year of 25.3 percent. The greatest drop in production occurred in ferrous metallurgy (by 60 percent), light industry (by 49 percent), the woodworking and paper pulp industry (by 33.3 percent), and machine-building (by 22 percent). In the past year the number of unemployed in the city rose by 44 percent to 45,200 people.

In what way did the SPP attempt to confront this situation?

Concrete assistance was given to enterprises in restoring freed- up industrial capacities, creating new jobs, and looking for investors. The SPP helped reorganize and structure production processes, work out business plans, set up study, training, retraining for managers and specialists, and develop and support entrepreneurial activity. At SPP initiative, an interdepartmental commission on industrial policy was created. Concepts of a regional industrial policy and a program of support for the city's industry during the crisis were worked out in conjunction with the St. Petersburg Government and the trade unions.

From the speech of SPP President Viktor Kharchenko:

"The negative influence of the Center on the activities of Russian industry is obvious. It is time to start cleaning out the obstructions from the bottom up. We plan to develop and propose to St. Petersburg a program of actions by the SPP for the years 1995- 96. We will go to federal organs with a list of the most urgent measures and their passage, in particular the laws 'On the Minimum Wage' and 'On Priority Payment of Wages Before Other Payments.'"

Matters in the region's agricultural branch could not be worse. In comparison with 1981, the city and oblast are getting only 60 percent of the meat and eggs and 35 percent of the milk.

From the speech of Ptitseprom AO [joint-stock company] General Director Yuriy Trusov:

"All the talk about the fact that agriculture is in a precrisis situation is a whitewash of reality. It has in fact entered a phase of profound crisis. The issue of Russia's food security is already on the agenda. Our government will not recognize this. It has fully freed itself from its financial obligations to the countryside. A decision was passed to transfer agriculture to the regional budget—a Jesuitical decision. Our government, the European Community, and the United States have united against us: The domination of imported food on the shelves will finish off the branch. Taking advantage of the presence of Arkadiy Ivanovich Volskiy, I ask him to bring the agrarians' demands to the government: The tax on imported food should be at last 40 percent."

Light industry's representatives also had complaints for the government. Although 60 percent of the items produced by St. Petersburg sewing industry workers goes for export, you still cannot talk about stabilization in the branch, which has cut its output by 20 percent.

From the speech of Baltiyskiy Stil AO General Director Nikolay Ferapontov:

"We have no cotton anymore. Our government has taken no measures whatsoever to conclude an intergovernmental agreement for this. In Kyrgyzstan and Uzbekistan the top people hold the raw materials in their hands. Arrogantly, Russia does not consider worrying about raw materials for our branch its primary task. As a result, Uzbek cotton is going to India and Pakistan, and Russia is getting the leftovers. And for a considerable sum of dollars.

"I also must add that the lead-in by A. Sobchak, who opened the meeting with a list of industry's achievements under the leadership of city hall, has had no influence on the course of this fundamental discussion. According to him, 'the city's industry and economy are entering a new and more progressive stage.' Inasmuch as matters are not as good with respect to real as opposed to hypothetical achievements, the mayor said, as if about a great victory, that we had finally mastered the production of incinerators, which we used to buy in Czechoslovakia. The sole thesis from his speech that evoked the proper reaction was when he said that the city's government, in its efforts to support industry, will draw up a municipal order annually, but this thesis received no further development."

Near the end of the meeting, Anatoliy Aleksandrovich, a great master of public fireworks, returned to the hall accompanied by Mstislav Rostropovich, whose charity concert for the Pushkin House is coming up (the physical deterioration of the building of Russia's Institute of Russian Literature is such that the safety of precious manuscripts has long been threatened). Mstislav Leopoldovich suggested that those gathered should "pay their dues" and invited everyone who wished to come to the concert. Our directors responded to this call for help—even the director of the Signal PO [production association], Valentin Zanin, who in recent months has been paying wages in his collective with telephones.

What will stop, what will hold back this phantasmagoric situation? If things go on like this, as Arkadiy Volskiy said in his closing remarks, Russia will be needing quite a few incinerators.

Yasin Says Import Benefits To Last '1-2 Months'

LD2802130995 Moscow INTERFAX in English 1126 GMT 28 Feb 95

[FBIS Transcribed Text] MOSCOW, Feb 28 (Interfax)—Economics Ministry will press for scrapping all import benefits, Yevgeniy Yasin, economics minister declared to Interfax Tuesday.

He admitted that as the expiry date of the earlier granted benefits would be drawing nearer, the economics ministry would be increasingly under pressure from "all sorts of lobbyists."

According to Yasin, the government will have to prolong the privileges on the earlier signed accords since sanctions for the rupture of contracts will be "rather significant". He warned, however, that these benefits would last no longer than 1-2 months.

Commenting on possible privileges to the 50th Victory Anniversary Fund, to the Refugees and Re-settlers Fund, and other charities that have been set up lately, Yasin declared his ministry's intention "to reject any benefits whoever would offer them and no matter for what lofty goals." Yasin believes that all social and charity expenditures should be put in the state budget.

Crisis in Gold, Silver Mining Industries

954E0579A Moscow ROSSIYSKAYA GAZETA in Russian 16 Feb 95 p 3

[Article by A. Kozyreva: "Silver Veins, Gold Placers"]

[FBIS Translated Text] Unless urgent measures are taken, the mining of precious metals will decrease sharply as soon as this year.

Is a crisis in the gold mining industry possible? Any clear- thinking individual would say it is impossible. He would be wrong. According to Valentin Tsvetkov, chairman of the committee of the Federation Council, the situation there is almost catastrophic. It is becoming unprofitable to mine gold. Valentin Ivanovich says: "Some are quite seriously saying that it is cheaper to purchase silver and gold abroad!" That is absurd. After all, it was specifically from the sale of gold in 1994 that the federal budget received some $480 million.

Why are unexplainable things happening with the purchase of gold and silver? After all, for a long time possession of a gold vein was the dream of both the pauper and the rich man. Just recall the "gold fever" in Alaska. Let us try and sort this out.

Expenditures to pay for this metal flowing into the State Fund of Russia came to R1.1791 trillion on 1 November 1994, with actual expenditures on it amounting to R4.0548 trillion. As they say, we have on hand a clear economy of state funds. But is such economy worthwhile?

Gold and silver mines in our country are found in the North. There are such areas as Magadan and Chukotka, where the whole industrial stricture, the entire budget, depend on gold mining. Should it be there or not—that question for these regions is almost like the one faced by Hamlet.

The precious metal cannot just be left there and must be transported. The cost of transportation, however, is sometimes almost triple the value of the goods. Here is the first element of an absurd situation.

The price of gold forms with consideration of the situation on the world market, but it is in one way or another tied to the ruble and the dollar. The ruble is devalued and the dollar grows. Here is the second element. At the same time, taxes in the oblast come to almost 60 percent of the settlement price. That is the third difficulty.

One of the largest silver mines—the Dukatskiy mine—is now almost totally idle even though it contains high-quality ore. People here have not been paid for some six months.

That mine is giving the oblast administration a headache. Particularly since it is necessary to build a combine for the processing of silver concentrate. Such construction will of course eventually pay for itself. But not tomorrow, and some would like to have dollars as early as today. Therefore an offer from a Western firm to buy the mine is being entertained.

Unfortunately this is the situation at many of the enterprises engaged in mining of precious metals. The Svetlyy, Iultin, and Valkumey gold mines have stopped working, while the Tenkinskiy and Pevekskiy mining and concentration combines are on the verge of closing along with the Deputatskolovo and Kularzoloto joint-stock companies. If they stop as well, the government will not receive five tonnes of gold and 3,400 jobs will be lost.

Formerly payments for precious metals delivered to the government were made in a timely manner. Gold that was mined in 1993, however, was fully paid for only in April of 1994 and the sum received was not the one that was expected.

Thus heads of enterprises are grasping at a straw, their last hope—a telegram to the center. Perhaps they will be heard?

"To Moscow. The Federal Assembly, Deputy Tsvetkov. To Roskomdragmet [State Committee for Precious Metals], Bychkov. To the Ministry of Finance, Golovatyy.

"The debt owed the Susumansk Mining and Concentration Combine amounts to more than R6 billion. Advance payments for mining and repair operations in 1995 are not being made. Diesel fuel has not been delivered. Wages are not being paid. It has been necessary to cut back the gold program by three tonnes and dismiss 1,500 personnel. Request initiation of measures for transportation of personnel to the central rayons of the country. Director of Susumanzoloto, Vladimir Khristov."

Such telegrams, however, do not help. Building of new capacities for mining and processing ore has almost completely stopped in the branch, and work on reconstruction of production has also come to a standstill. Gold for the most part is mined at placer deposits—88 percent. It is simpler and cheaper. But, first of all, in the explored reserves the content of gold in the ore comes to 83 percent, but only 14 percent is extracted. Secondly, intensive exploitation of placer deposits has led to a deterioration of mining conditions, a decline in the content of gold in the sand by two- three times, and a sharp rise in expenditures on its extraction.

What is most significant is that there is practically no exploration of new deposits. It will be possible to extract precious metals at mines presently in use for another 10 years. What happens after that?

Today gold and silver are mined by state enterprises, joint-stock companies, partnerships, teams of prospectors, and even individual prospectors. Any citizen can obtain a license, purchase a pan, and go panning for gold in Kolyma. Many large enterprises have broken up into smaller ones. Instead of Zabaykalzoloto, for instance, there are now seven joint-stock companies. As they say, the process has started.

The branch somehow managed to get through last year. There will clearly not be enough reserves for this year, however. According to a preliminary evaluation, in 1995-96 the level of gold extracted will go down by not less that 30 percent with a simultaneous decrease in the flow of funds into the budget in an amount of around R1 trillion.

At the behest of the government, Roskomdragmet prepared and distributed for the purpose of coordination a draft of the presidential decree on stimulation of precious metal extraction. There is no law in our country, however, determining the status of precious metals or regulating their production.

The Federation Council Committee on Affairs of the North and Small Minorities has prepared an appropriate law with the participation of interested ministries and agencies. It has now been sent to the State Duma.

A program for gold and silver production up to the year 2000 has also been prepared.

Gold and silver are our currency. The faster we resolve problems afflicting enterprises extracting and processing precious metals, the richer our treasury will become.

Lack of Protection for Small Investors Lamented

954E0575B Moscow ROSSIYSKAYA GAZETA in Russian 15 Feb 95 p 5

[Article by A. Yevgenyev: "Learn To Love the Investor"]

[FBIS Translated Text] Cash auctions are taking place throughout the country, but alas no Russians are expected to attend.

The government is not Mavrodi and it has no intention of making a fuss over each small investor. Large sums of money have come into play in the second stage of privatization and those acting alone have nothing to do here.

I do not know if the press service of the Commission for Economic Reform of the Government of Russia held a seminar on the topic of attracting monetary resources of the population in investment programs of the state and enterprises on the basis of this conclusion or not, but, alas, the discussion did not provide grounds for any other conclusion.

The example of Krasnyy Oktyabr, which was mentioned by Oleg Tsarkov, director of the fund department of the Grant Financial Company, who assisted the combine in carrying out an emission, is indicative in that sense. At first the enterprise planned to distribute 1.5 million shares, not counting foreign purchasers, among professional participants on the securities market, and to sell another million to the population. What happened in the end? The former purchased 1.7 million shares and the latter purchased 17,000 shares (about 500 individuals). The auctioneers spent 5 percent of the attracted funds on advertising. Tsarkov is convinced however, that "if the enterprise had spent three or four times more there would have been no additional effect. The public is not in the mood to acquire securities that pay no interest." Sergey Granev, director of the fund department of the

Auktsion Investitsionnykh Resursov Company, agrees with him completely: "Analysis of the initial cash auctions indicated that the public's participation in trading is minimal."

Cash, of course, is not a voucher that was obtained free. The cold shower of check privatization, accompanied by a plethora of major scandals, dispersed the illusions of excessively trusting masses. The continuing decline in the generation of quick dividends is not attractive. On the whole the economic reform so far has not brought prosperity for most of us. Still, people do have money. If one is to believe the State Committee on Statistics, just last year the disposable monetary income of the population grew by 14 percent. The level of prosperity is being differentiated with increasing clarity. Today the incomes of the 10 percent of the most highly paid segment of the population exceed the incomes of the lowest paid segment by a factor of 12—these are proportions similar to those existing in the United States. Thus a certain middle class seems to be making an appearance, and participation in cash auctions would be quite within its means. It is another matter that, let us say, lone individuals are no match for the likes of Mikrodin. Well, render therefore unto Caesar... But let us phrase the question differently: What has actually been done in order to ease the lot of lone individuals to gain their trust and interest in trading? Absolutely nothing. The entire system of auctions and subsequent work with shares is geared exclusively to the large investor—and it appears to ignore the small investor. "The exchange market is quite a complicated thing," Grachev believes. "In order to make money on it is necessary to be a professional. My advice is if you decide to take the risk, seek out professionals."

We undoubtedly do have professionals. But as noted by participants at the seminar, they are not interested in spending time on small investors—it is more profitable to work with a dozen large accounts.

It turned out that for the individual investor it is not only difficult to obtain complete and objective information on the subject of purchases and sales and to understand it, and difficult to monitor changes on the exchange market because of the undeveloped nature of the infrastructure, but it is our poor loner who is completely unprotected against elementary swindling by dishonest issuers. Yan Melkumov, expert of the Federal Commission on Securities and the Exchange Market of the Government of Russia, explained that "in such a case it is possible to hold someone criminally responsible for cheating and other misdeeds only if he is an official. Do we have a single issuing organization which can be classified as a government organization? Of course not. Thus there can be no trial."

In other words, a rather bleak picture emerges. It appears that at one time the innumerable clients of Mavrodi, "Masters and Co.," with trepidation expected a miracle from their idols just as many of the Russian issuers expect a similar miraculous salvation coming in the form of large domestic and particularly foreign investors. At the same time over there, beyond the seas, from where the money is supposed to flow to Russia, small investors, as a rule, are not neglected, no one even thinks of doing so. In many countries there are structures that work with small investors. The public is warned right away: We cannot promise large dividends, but we will put your money to good use and earn some interest if possible. It works; no one goes bankrupt. In some areas there is a rule where investments up to a certain amount are exempt from tax. That is, the investor is not subject to taxes no matter what dividends are yielded by such an investment.

The public in Russia continues converting rubles into dollars at a heated pace. It is a matter of preserving one's savings. But all this, as you yourself can understand, has nothing to do with investments in Russia.

Decree on Stabilizing Alcoholic Beverage Production

954E0575A Moscow ROSSIYSKAYA GAZETA in Russian 15 Feb 95 p 5

["Decree No. 97 of the Government of the Russian Federation of 1 February 1995, Moscow: On Measures for Stabilizing Russian Alcoholic Beverage Production"]

[FBIS Translated Text] The Government of the Russian Federation decrees as follows:

1. Introduce the following excise tax rates as a partial change in the Decree of the Government of the Russian Federation of 14 February 1994, No. 116, On Introduction of Changes in Certain Decisions of the Government of the Russian Federation (Collection of Enactments of the President and the Government of the Russian Federation, 1994, No. 8, page 808):

Vodka and liquors with a proof of over 28 percent—85 percent

Liquors with a proof of up to 28 percent inclusive—80 percent.

Ascertain that the rates of excise taxes stipulated by this point are applied in settlement of accounts for shipped goods from the date of publication of this decree.

2. The State Inspectorate of Government Monopoly in Alcoholic Beverage Production of the Government of the Russian Federation is to conduct large-scale inspection of the legality and quality of alcoholic beverage production at industrial enterprises and in retail trade in the first quarter of 1995 covering the entire territory of the Russian Federation jointly with the Ministry of Internal Affairs of the Russian Federation, the Federal Counterintelligence Service of the Russian Federation, the Department of Tax Police of the Russian Federation, and the Committee of the Russian Federation for Trade.

3. The State Customs Committee of the Russian Federation, the Ministry of Internal Affairs of the Russian Federation, and the Federal Counterintelligence Service of the Russian Federation are to initiate work to reveal illegal importation of alcoholic beverages into the Russian Federation and report on the results to the Government of the Russian Federation prior to 1 March 1995.

[Signed] V. Chernomyrdin, chairman of the Government of the Russian Federation

Shokhin on Focus of Talks With IMF

LD2702204395 Moscow INTERFAX in English 1907 GMT 27 Feb 95

[FBIS Transcribed Text] MOSCOW, Feb 27 (Interfax) - Russia's quarterly receiving of funds under the $6.25 billion credit granted by the International Monetary Fund (IMF) must be the focus of the talks with the IMF, the former Russian deputy prime minister and former head of the Russian delegation to the talks with the IMF, Aleksandr Shokhin, told Interfax in Moscow Monday.

According to Shokhin, "this procedure would be the optimal one for the Russian economy." "The first trench must be granted this year, not the next one—this must be Russia's strict condition at the talks", he added.

Shokhin remarked that if a budget providing for a minimum wage of 34,000 rubles was passed, it would lift tensions in relations with the IMF.

Commenting on the prospects for Russia to obtain an IMF stabilization credit worth $6 billion, Shokhin said it was "quite feasible provided the inflation rate is kept down to 1-2% a month by the end of the year, as proposed by the Russian Government." Such developments are "quite possible," Shokhin added.

Materov Interviewed on Curbing Inflation

954F1385A Moscow OBSHCHAYA GAZETA in Russian No 5, 2-6 Feb 95 p 5

[Interview with Ivan Materov, Russian deputy minister of economics, by unidentified OBSHCHAYA GAZETA correspondent, under the rubric "Analysis and Forecast"; place and date not given: "Bring Your Money to the Budget!: The State Has Decided To Compete with MMM in Pyramid Building"]

[FBIS Translated Text] [OBSHCHAYA GAZETA] Ivan Sergeyevich, we can congratulate our government: The Duma passed the budget in its second reading. Simultaneously, however, we can sympathize with the government: Simultaneously the Duma passed a law raising the minimum wage, which this same budget did not envisage. What are you going to do now?

[Materov] Naturally, if the new law is implemented, the budget's structure will have to undergo serious change and the deficit indicators may need to be reexamined. But I think everything will work out. In principle, the law passed is not a bit worse than some articles of the budget "rammed through" by various lobbyists: For instance, those envisaging support for agrarians, who in general must feed themselves, and subsidies for coal miners.... If the minimum wage is raised and those kinds of subsidies are rescinded, nothing terrible will happen. But if it is done by increasing the budget deficit—that would be a catastrophe.

[OBSHCHAYA GAZETA] Do you hope that the Duma will reconsider the "lobbyist" articles of the budget specifically and cut the subsidies?

[Materov] What else can the deputies do? They have voted for the budget's income, expenditures, and deficit. This means that before the third reading they need to "seek out reserves" and decide who to take the money needed to raise the minimum wage from.

Naturally, these searches will not lead to any good. Raising the minimum wage will require about R50 trillion. If the discussion about that had begun, say, last year, then we could still have discussed what was better: those expenditures or, say, subsidies to coal miners. Now the train has left the station. In order to find such an enormous amount of money in the budget, it needs to be reexamined very seriously, and that takes time. It would be simpler and quicker to return to the law passed on the minimum and...

[OBSHCHAYA GAZETA] You're hoping that the law will be repealed or its practical implementation delayed?

[Materov] I am counting on common sense winning out and on them rejecting this law. True, this is hard from the moral aspect. It means showing a dislike for the workers, whereas parliamentarians want to look concerned. But I would like very much for the Duma not to touch the budget already worked out. Too much is tied up in the idea of it: In the final analysis, progress along the path of reform depends on whether or not Russia has a noninflationary budget this year.

[OBSHCHAYA GAZETA] Quite a bit has already been said on this topic, including in the pages of OBSHCHAYA GAZETA. Every economist connected in any way with the government has repeated this like an invocation: If we manage to reduce inflation in 1995, next year economic growth will begin. But January inflation has already proved incredibly high—approximately 19 percent. February inflation is predicted at 15 percent, and March's slightly lower. That is, we already face living through one quarter of the year, at minimum, under high inflation. That does not scare you?

[Materov] No. This is all a result of decisions that are three or four months old. But if decisions to clamp down on the monetary mass were passed right now—and they would be passed if the mechanism of domestic borrowing were to begin to be undone—one could count on the situation improving by April. The main thing is not the magnitude of inflation (although by November-December it has to be driven back down to 1-2 percent) but the predictability of the situation. People and enterprises can adapt to any situation. However, if it is obvious that the government is slowly but surely clamping down on inflation, that is one thing, but if things start getting shaky, then people start moving capital into something stable. Or taking it out of the country, where the situation is more stable.

This is truly an important moment. We have already gone through three inevitable stages of development on the way from a planned economy to the market. First were the cooperatives, the stalls, the process of getting wholesale trade going. Then came the stage of commercial banks, their heyday. Then the development of investment funds: the era of MMM, voucher investment funds, and so forth. I am not talking now about how this was done. The main thing was that this created the infrastructure market production needs to function.

Right now we are on the threshold of a new stage: There is already money in the country. In dollars alone about 20 billion. There are also ruble savings that are not insubstantial. According to all indicators accepted in the world economy, the country has quite substantial accumulations. But they are not going into production because there they would burn up in just a few days. Production here is inefficient and low-tech. I have done the figuring myself, and I am convinced that right now there is virtually not a single branch in the country where the expected profit exceeds expenditures. That is, when you invest capital in production, after the sale of your output you are left with a "minus." Therefore the task this year is to beat back inflation. Then capital will flow into production. We must not let this propitious moment, when there are major Western credits and hopes for domestic borrowings, slip by.

[OBSHCHAYA GAZETA] You nevertheless hope that the population will give its money to cover the budget deficit? That it will buy your bonds?

[Materov] Of course, it will be very hard for the state to repeat the MMM feat because the population does not believe the authorities, which did not even pay back in full the in-kind loan of 1990. Trust has to be earned, and this can be done only by training the reflexes. An entire assortment of securities is needed—10-year, monthly, quarterly, annual. So that people (or banks) buy "short-term paper" and see that everything is real: The money is paid back with a profit. Then "longer term" paper can be bought, or even "longer term." And so on.

[OBSHCHAYA GAZETA] But where is the profit going to come from if there is no growth in production? You seem to want to conduct a campaign to sell bonds by utilizing the Sergey Mavrodi trick—the MMM pyramid: Payments to the first investors are made at the expense of later loans. Are you not afraid of going bust?

[Materov] We are not afraid. The greatest difficulty here is of a technical nature. A structure is needed that will develop the system of sale to the population and to legal entities of state securities. (The Finance Ministry is responsible for this.) Conditionally speaking, we need a "state Sergey Mavrodi." We differ from MMM, however, in that Mavrodi had no money to his name, whereas we have state property: shares in enterprises and land. That is, all the borrowing being proposed is secured by state property. This is insurance capital, so to speak. In fact it will not have to be put into use. Given the outlined course to reduce inflation, it will be profitable for the population and legal entitles to purchase state securities with a profit half again as much as the assumed inflation index.

[OBSHCHAYA GAZETA] That is, given inflation of 18 percent, monthly bonds should bring a profit of 30 percent?

[Materov] Well, more like 25 probably. Actually, this will be the market price. Moreover, I repeat, there have to be different kinds of bonds: monthly, 10-year, maybe even weekly. Weekly would be even better: People have to develop trust in state securities, the reflex has to develop. Especially since the profitability will decline: If in March inflation is 9 percent, the income from bonds might be 12 percent. And so forth.

[OBSHCHAYA GAZETA] But Sergey Mavrodi taught Russians something different: His "shares" did not decline in price, they rose.

[Materov] Real profitability for state bonds will not decline and will even grow. Of course, this will have to be explained to people. In the final analysis, though, real life will convince even the those who disbelieve in the profitability of "gambling with the state." In the economy there is not now and will not be any "Russian path," and "homo economicus" everywhere will remain "homo economicus"—given the accumulation of a certain experience he will begin to think normally and see his advantage.

[OBSHCHAYA GAZETA] And the final question. Will a fixed rate of exchange be established for the ruble, as people are talking about so much now?

[Materov] This year it simply makes no sense to fix a rate of exchange: The ruble is too weak. We could set it very far off from the current rate, so that we can stay within it until the moment production begins to grow. On the other hand, though, until we have made sufficiently substantial investments of capital in fixed assets and production is revived, the goods produced will not be competitive on the foreign or the domestic market. If the ruble's rate of exchange is set under these conditions, the lack of competitiveness will emerge even faster.

Moscow Oblast Tax Chief on Tax Collection Violations

954E0600B Moscow ROSSIYSKAYA GAZETA in Russian 22 Feb 95 p 3

[Interview with Vladimir Gulayev, chief of the State Tax Inspectorate for Moscow Oblast, by Petr Stepanov: "The Tax Inspector Is Knocking at the Door"]

[FBIS Translated Text] In volume of tax receipts, Moscow oblast holds second place in Russia, after the capital. Last year alone, 6.8 trillion rubles [R] were raised for the treasury by the oblast's tax inspectorate. Nevertheless, specialists believe that about 30 percent of what the state budget is due under the law is not being received. We discussed this with Vladimir Gulayev, chief of the State Tax Inspectorate for Moscow Oblast.

[Gulayev] Yes, unfortunately, we note a steady trend toward an increase in violations of the tax laws. Last year administrative proceedings were brought against 23,000 officials and operations with the accounts of enterprises and banks were suspended in 25,000 cases. Materials on 1,000 of the most fraudulent violators were sent to law enforcement organs. The principal "heroes" are generally the managers of enterprises of enterprises not under state ownership.

[Stepanov] Nevertheless, Vladimir Ilich, you have managed to charge additional payments, taking financial penalties totaling R711 billion into account.

[Gulayev] Yes, but at what price? Last year 47,000 audits of documents were conducted. Generally the major enterprises with a large turnover which submitted a balance with financial losses and those that applied to be shut down were monitored.

On average, as much as R33 million were added to the profits tax and R32 million to the NDS [value-added tax] in the course of just one document audit. Audits conducted in the office added R275 billion, 40 percent of the additional payments. And steps to make monitoring tougher are being worked out.

[Stepanov] Vladimir Ilich, it is understandable when we speak about large industrial enterprises, but with respect to small business, it is not entirely clear.

[Gulayev] There is a problem here. The area around Moscow is a major industrial center, and consequently, there is a large daily commute. People commute from Mytishchi, let us say, to conduct small business in Moscow and return. It is extremely complicated to take these flows into account. And the businessmen themselves are in no hurry to come to the inspectorates.

And many cities and rayons have not made an inventory thus far of structures and facilities located in rural areas and the garage and dacha building cooperatives and gardening partnerships. In a word, one-third of the taxpayers in Moscow Oblast as a whole have not been counted, and this is a sizable reserve in replenishing the budget.

[Stepanov] I assume that a system for computerization and data collection would help the rayon and city inspectorates as well.

[Gulayev] We have spent over R2 billion for these purposes. Programs are being introduced to automate the state register of enterprises and the data base of taxpayers—the natural persons, the current accounting of legal and physical entities, and a great deal more. Specially trained persons have been instructed in courses.

[Stepanov] By the way, what kind of person is a tax inspector today?

[Gulayev] About 90 percent of these persons have specialized higher and specialized secondary educations. There are 4,882 inspectors in the oblast's 65 city and rayon inspectorates. We work closely with eight educational institutions. In a word, the tax service has become firmly established in recent years.

Fuel, Energy Ministry on 1994 Results, 1995 Priorities

954F1419A Moscow SEGODNYA in Russian 11 Feb 95 p 3

[Article by Andrey Baranovskiy, under the rubric "Results": "The Fuel-Energy Complex Is Working 'More Stably' Than Others—Oleg Soskovets Gives The Government Credit for This"]

[FBIS Translated Text] An expanded collegium of the Ministry of Fuel and Energy was held yesterday. It reviewed the principal results of the TEK [fuel-energy complex] in 1994 and the challenges facing it in the current year.

Minister of fuel and energy Yuriy Shafranik, who presented the main report, noted that the sectors of the TEK worked more stably than the rest of the industrial sectors last year. Thus, whereas the overall decline in production of industrial output was 20.9 percent, production of primary fuel-energy resources dropped by 6.2 percent. Owing to the more rapid drop in energy consumption in Russia (11.3 percent), export deliveries of petroleum (11.5 percent) and electricity (8.2 percent) rose sharply. Perhaps most important is the fact that it was possible to supply the primary consumers in the municipal sector and the thermal power plants with fuel for the winter. But it was necessary to resort to such non-market methods as free deliveries of coal from the Kuznets Basin to the Far East.

The production of electricity for all Russia decreased by 8.4 percent, to 876.6 billion kilowatt-hours. As in past years the greatest shortfalls, with constant outages and introduction of limits, were observed in Chita Oblast, Buryatia, the Northern Caucasus, and the Far East. Because the Northern Caucasus receives electricity through Ukraine, where a drop in current frequency to a level that could cause serious accidents is observed, a new power transmission line is being built from the Balakovskaya AES [atomic power plant] on an urgent basis.

Like other sectors of the economy, power engineering is enmeshed in the nonpayment problem. Moreover, the problem also is engulfing accounts within the TEK.

According to Rem Vyakhirev, chairman of RAO Gazprom, the question is already being raised of stopping gas deliveries to certain deeply indebted power plants.

But the coal industry finds itself in the most difficult situation. According to the calculations of GK Rosugol [RF coal industry], it will need state subsidies of 10 trillion rubles [R] in 1995, whereas the figure in the present budget is R6 trillion. And while 16 unprofitable mines were closed in 1994, in the current year it is already proposed to close 20 mines.

The increase in railway rates hit the coal industry hardest because, in practice, its output can only be shipped in rail cars.

Oleg Soskovets summarized the results of the collegium, noting the positive role of the government in stabilizing the work of the TEK. He reported that prices for the output of the complex rose 2.9 times last year compared to an overall increase of 3.2 times for industrial output. Thirty-two percent of the enterprises of the TEK were unprofitable.

Oleg Soskovets dwelled in particular on the recent talks with Ukraine, which owes Gazprom alone 1.7 million dollars, including a January debt of 200 million dollars. But it does not appear possible to adopt penalties against consumers of Russian energy because of the position of the Ukrainian Government.

Fuel, Energy Ministry on 1994 Results

954E0573A Moscow RABOCHAYA TRIBUNA in Russian 14 Feb 95 p 1

[Article by Viktor Yurlov: "Jokes Can Give the Powerful of This World Gooseflesh"]

[FBIS Translated Text] At an expanded meeting of the board of the Russian Fuel and Energy Ministry, the results of the past year were analyzed. Leaders of the largest associations in the fuel and energy complex (TEK) not only reported on the work accomplished but also raised the most serious problems of the economy. Of the most varied sort. There was one, however, that no one omitted. This was the problem of nonpayments.

When R. Vyakhirev, chairman of the board of Gazprom RAO [Russian joint-stock company], came to the dais, the hall fell silent, for they all knew that everyone was indebted to Gazprom, Russia's breadwinner. The sum is astronomical: R19 trillion. In his naturally delicate way, Rem Ivanovich said that, given market conditions, it is time to apply the laws of the market, too. If you pay, you get gas; if you don't—I'm sorry. However, it is inhumane to cut off gas in the winter, but in the second quarter that will be possible. Then it will be time to do the same with electric power plants.

A joke? That depends on the company's board. Anyway, there is some truth in every joke.

Energy producers have their own reasons, too, though. The last year was a year of trials for them. They made it through. They are even determined to increase their output of electricity. As for debts, there is nothing to cover them with. This is quite a sin—a sin worth on the order of R3 trillion. But after all, energy producers were also loaned R15 trillion.

This is the kind of chain you get. Meanwhile, in comparison with other branches, the TEK is characterized as one of those that operated most stably last year. The production of primary resources declined only by 7.7 percent. This allowed for the mostly steady delivery of fuel and energy to consumers.

Preparations for the fall and winter season proceeded under particularly difficult conditions. Consumers' fuel reserves proved extremely low. Restoring their level was complicated due to the cessation of state support for this work and by the difficult financial status of enterprises that did not have funds to store winter reserves of fuel and to pay for repairs on energy equipment.

Under these conditions, the ministry, branch structures, and enterprises of the TEK did enormous organizational work to prepare for winter. Interbranch offsetting, the use of bills of exchange, the organization of fuel deliveries to the most important consumers in interaction with regional organs of power, and even the imposition of restrictions on electricity output during the summer made it possible to achieve most of what had been planned. Russia did not go without heat. Special credit for this goes to the miners. As Yu. Malyshev, general director of the Rosugol company, reported to the board, plenty of coal was trucked to the electric power plants.

It appears the TEK has made it through the most difficult period.

Ending Oil Export Quotas Thwart Criminals, Corrupt Officials

954E0600D Moscow ROSSIYSKIYE VESTI in Russian 22 Feb 95 p 3

[Commentary by Mikhail Delyagin, acting head of the Economics Administration of the Analytical Center under the Russian Federation President: "The State Has Taken Trillions from the Criminal World By Setting Economic Quotas for Oil"]

[FBIS Translated Text] Export quotas are introduced in two cases. First of all, to protect the world market from the flow of goods at dumping prices and protect the national industry from extremely unpleasant dumping procedures. Export quotas on aluminum are an example. We were forced to introduce them under pressure from our Western partners, which had adopted antidumping measures to stop the influx of the inexpensive Russian metal into their countries. Secondly, quotas are introduced to limit exports detrimental to domestic consumption, which usually applies to oil.

However, the effectiveness of administrative restrictions, especially in the foreign economic sphere, where they are eroded by the opportunity to seize huge profits, should not be exaggerated. Indeed, when quotas on aluminum were introduced, they gave out so much the first time that the volume of the metal earmarked for export was greater than the volume produced...

In reality, the exports of oil have not been limited by quotas but the diameter of the pipeline; beyond this throughput, oil can be delivered in a tank, but this is very expensive. So limiting oil exports by setting a quota has been imaginary in nature, considered unnecessary from the viewpoint of economic feasibility.

But why has it existed?

Because it responded to the interests of a large number of officials who divided these quotas, regulated the process of obtaining them, and to conceal the fact that they increased their incomes by giving preference to certain exporters.

For any administrative restriction gives rise to corruption among those who establish and regulate it. In this respect, the more administrative restrictions there are, the richer the soil for bribery, and the greater the degree to which the state apparatus is involved in corruption and protects the interests not of society, but individual companies, and far from always the largest ones.

The efforts of reformers supported by the International Monetary Fund finally abolished the export quotas on oil, and the well-known decree was issued by the government on 31 December. However, this far from the end of the struggle: the adherents of administrative regulation and the delights accompanying it managed somewhow to advance the idea of essentially replacing export quotas with domestic ones. Let them export freely, they say, without restrictions, but only after completing deliveries for the domestic market.

In practice, this is a slightly modified system for a state order which maintains bureaucratic arbitrariness and the effectiveness accompanying it. They are precisely what "finished" the economy of the USSR at one time.

But this attack by the "regulators" of the oil flow was repelled. At the same time, in order to attract the oil producers to their side once and for all, they compromised with them by lowering export tariffs. The point is that the quotas on oil were assigned in such a way that they entailed complete exemption from the export tariffs. For this reason, oil has been formally exported without charge. However, the sum of the export tariff found its way into the pockets of criminals and corrupt officials. As a result, the state has been receiving hardly nothing from oil exports. At the same time, it brought huge profits to the criminal groupings that levied the "criminal tax."

Abolition of quotas on oil exports means abolition of exemptions; henceforth the exporters will have to pay the state. In fact, let us assume that the export tariff is reduced from 30 to 23 ECU's per metric ton of oil. But this is also to the state's advantage and does not infringe upon its interests, according to certain commentators. Because the treasury never received 30 ECU's and 23 will be real revenue. So it will not turn out to be 7 ECU's less for each metric ton of oil, as they are trying to frighten us, but 23 ECU's more. By abolishing quotas, the state has one of the main conduits for supplying the shadow economy; it has taken money from the criminals and transferred it to the taxpayers.

However, the conditions for access to the pipeline do not rid us completely of the opportunities for corruption, all the same. But the scale of these opportunities cannot be compared with the ones that existed before: they are being substantially reduced.

Not everything is proceeding smoothly, of course.

A great deal is being said about the fact that the abolition of quotas is an act to liberalize the prices for oil and will lead to an immediate increase in domestic prices to the world level. Consequently, inflation will accelerate sharply. However, calculations by the Ministry of Economics do not substantiate these panic-stricken assumptions: even the highest possible increase in the price of fuel (2.6 times as much in 1995) will be "self- adjusted" by the rather flexible structure of the current Russian economy and will not affect inflationary processes independently.

At the same time, such an increase in prices is considered quite unlikely, since we have overproduction of oil at present: its price is too high in relation to the available money supply.

At the same time, the new export conditions are creating a stimulus for nonstate investments to build pipelines to export oil.

Summing up briefly: the abolition of quotas is a blow to corruption and strengthens the state, replenishes the budget, provides the opportunity to modernize the petroleum sector over several years and return part of Russia's lost markets.

Of curse, exporters will be looking for loopholes—and even finding them occasionally—in the system of state export regulation. But with the abolition of export quotas on oil, these loopholes will be turned into exceptions and will not be able to affect the overall picture.

International Affairs

Aid Convoy To Chechnya Detained on Border

LD2702210695 Kiev Radio Ukraine World Service in Ukrainian 2000 GMT 27 Feb 95

[FBIS Translated Text] The Congress of Ukrainian Nationalists [CUN] has filed a protest against the arrest by Russian border guards of a humanitarian aid convoy heading for Chechnya. The convoy, put together by the CUN and the People's Movement of Ukraine, contained dressings, clothing, butter, sugar, and wheat. According to the CUN head office, Russian border guards arrested the cargo for 48 hours and then sent it back to Ukraine.

The CUN has asked the international community to exert influence on the Russian Government, which is acting in violation of international conventions.

Plans To Grant Russian Citizenship to Crimeans Denied

AU2802102695 Kiev HOLOS UKRAYINY in Ukrainian 24 Feb 95 p 1

[Unattributed report: "...As Concerns Granting Russian Citizenship"]

[FBIS Translated Text] As reported by our Crimean correspondent, on 22 February, the Crimean Supreme Council had received the following fax from the Commission for Issues of Citizenship subordinated to the Crimean Supreme Council: "Esteemed deputies, in response to your 19 January appeal to B.N. Yeltsin, president of the Russian Federation, I am authorized to notify you that, in accordance with the will expressed by residents of the Crimean Republic with regard to granting them Russian citizenship, within the next 10 days, a group of consular officials from the Russian Embassy in Ukraine will arrive in Simferopol with the consent of the Crimean side. Please give the group the necessary organizational and technical assistance. Chairman A. Mikitayev."

Vladislav Nechiporenko, adviser-envoy of the Russian Federation Embassy in Ukraine, made the following comment on this information:

"I can tell you for sure that not a single group of Russian Embassy officials is going to visit Simferopol in the near future. It is difficult to say anything about future plans. Such a question is under discussion, primarily with the Ukrainian Ministry of Foreign Affairs....

Accord With Russia To Establish Aerospace Industry

WS2702144895 Kiev INTELNEWS in English 2119 GMT 26 Feb 95

[FBIS Transcribed Text] Russia and Ukraine will soon establish an international financial-industrial conglomerate to jointly construct and sell aircraft engines, according to a recent agreement between the two governments. The two countries plan to unify their efforts to compete on the global weapons market, jointly designing and selling weapons.

The conglomerate, to be called International Engines, will be composed of 50 Russian and Ukrainian-based defense enterprises. The Zaporizhia-based Motor-Sich company, the largest aircraft engine producer in the CIS, is among the companies forming International Engines.

The conglomerate aims to implement the aircraft industry development programs for both Ukraine and Russia, constructing advanced engines for the AN-70 and the TU-334—a plane expected to replace the TU-134, currently the most popular passenger plane in Russia. The conglomerate also plans to modernize engines for the AN-72 and AN-74 planes.

Motor-Sich is currently producing up to 40 different aircraft engines, 90 percent of which are sold to Russia. However, Motor Sich buys close to 85 percent of its engine parts from Russia.

Russia and Ukraine also signed an agreement expected to improve the mutual supply of aircraft and other military equipment parts between Ukrainian and Russian defense enterprises. The two countries have agreed to lower customs duties for the shipment of needed parts across mutual borders.

Viktor Glukhikh, Russia's state defense industry committee chairman, said that some 300 defense enteprises in Ukraine and 500 military plants in Russia will benefit from the agreements.

Udovenko: Arms Reduction Will Be Accomplished

LD2702203795 Moscow INTERFAX in English 1907 GMT 27 Feb 95

[FBIS Transcribed Text] KIEV, Feb 27 (Interfax)—Ukraine will fulfil its international obligations, including those on reducing conventional armaments, Ukrainian Foreign Minister Hennadiy Udovenko told Interfax-Ukraine.

He stressed that this was the principal position of his country under any circumstances.

At the same time, Udovenko said that countries with their economy in transition needed financial assistance for treating the problem as expenses on disarmament were rather high.

Belarusian President Alyaksandr Lukashenka decided last week to suspend liquidation of conventional armaments explaining this by the lack of financial funds. He said he believed that a special international fund must be created for financing such work.

Udovenko declined to comment on the Belarusian president's decision. He said Belarus probably had its own reasons to do so.

Udovenko said Belarus had not yet proposed to Kiev that the two countries work out a joint position on the issue. He said the problem could be discussed during bilateral consultations which would take place in several days' time.

National Affairs

Chechen War Said First Step in Russia's Fall

AU2702183295 Lvov ZA VILNU UKRAYINU in Ukrainian 22 Feb 95 p 2

[Interview with Volodymyr Stadnychenko, head of the "Ukrainian State Independence" Guard, by Ihor Stolyarov; place and date not given: "We Should Learn the Art of Unity and Courage From the Chechens"]

[FBIS Translated Text] [Stolyarov] We know very little about the "Ukrainian State Independence" [DSU] Guard. What can you tell us about your activities and your problems?

[Stadnychenko] I am not used to starting with problems. I always say that, since the DSU Guard has emerged, it must have no problems. We train Ukrainian fighters who need to persevere.

We recruit many young people, and they get both physical and spiritual training. One can say that, in the Guard ranks, the young people who feel insecure gradually become nationally oriented and ready to defend the Ukrainian state.

For example, many Guard members serve in Ukraine's Armed Forces. We meet with their parents, who thank us, because their children do not refuse to serve in the Army and are not afraid of hazing. As a rule, they are winners in sports competitions.

[Stolyarov] As is known, the DSU Guard has branches in all oblast DSU organizations. What is the attitude of the local authorities toward the Guard activities?

[Stadnychenko] I can tell you one thing: There is no mutual understanding. At a recent exercise (on 22 January), which we conducted in Cherkasy Oblast and which was dedicated to the union of Ukrainian lands in a single Ukrainian state, showed the true face of the authorities, which had launched a reinforced "Berkut" [special- purpose police detachment] unit against a DSU Guard subunit. The Chyhyryn police department used about 15 units of law-enforcement technology.

You may have repeatedly heard from the Supreme Council podium that agricultural workers complain of fuel shortages. At the same time, there was enough fuel for detaining a DSU Guard subunit. This is nothing but stupidity. Even criminal cases are being instituted against us.

[Stolyarov] Today everyone makes his own assessment of the events in Chechnya. What is your attitude toward them?

[Stadnychenko] Chechnya has become an eye-opener for every Ukrainian. The small Chechen nation has shown a miracle of heroism and has offered us an example of courage that we must follow.

Our support for Chechnya takes the forms of picketing and statements by the DSU. We approve of Chechnya's struggle against Moscow imperialism. I think this is the first step toward the collapse of the Russian empire.

Agreement on Transfer of Nuclear Strategic Bombers

WS2702130895 Kiev INTELNEWS in English 260042 GMT 26 Feb 95

[Report by Fedir Storozhenko]

[FBIS Transcribed Text] Kiev, Feb. 25—Ukrainian and Russian Defense Ministries Friday [24 February] agreed to transfer 44 Ukrainian nuclear strategic bombers to the Russian Air Force.

Confidential negotiations on the fate of 19 TU-160 and 25 TU-95 planes began in 1993. Ukraine, which in 1992 officially undertook not to produce, store and deploy nuclear weapons on its territory, wanted to get rid of the strategic bombers since gaining independence.

In 1993, Ukraine demanded from Russia US$800 million for just nine TU-160 bombers. However, high maintenance costs have forced Ukraine to lower the prices.

According to Friday's deal, Russia will now acquire all the bombers for just US$75 million. No actual money will exchange hands because the proceeds from the sale will be credited towards Ukraine's fuel debt to Russia.

Despite previous suggestions by military experts, Ukraine was unable to transform the TU-160's and TU-95's into conventional bombers, officials said.

The Russian delegation to the talks was headed by Russia's Air Force Commander Piotr Deinekin. In 1992, when the personnel of strategic air force regiments stationed in Ukraine swore allegiance to Ukraine, Deinekin promised to move the strategic bombers to an "open air museum."

The TU-160 strategic bombers were deployed at an air base near the town of Pryluky, Chernihiv Oblast, since 1987. These planes are able to fly up to 13,000 km non-stop on the altitude of up to 15 km at the speed of up to 2,000 km/h.

The nuclear bombers can carry six high-precision nuclear cruise missiles. The killing power of each missile aboard the TU-160 is several times higher than that of the A-bomb dropped on Hiroshima in 1945.

Kuchma Seeks Support for Reforms During Visit

LD2702175895 Kiev Radio Ukraine World Service in Ukrainian 1600 GMT 27 Feb 95

[FBIS Translated Excerpt] President of Ukraine Leonid Kuchma visited Chernovtsy today. Mykola Smalinskyy reports.

[Smalinskyy] [Passage omitted] It is 1200 and Leonid Kuchma is in Chernovtsy. The Ukrainian president was met by Oblast Council Chairman Ivan Hnatyshyn and other oblast officials. [passage omitted] What are the president's intentions?

[Begin Kuchma recording] You know very well that the disaster that befell your city and oblast is, unfortunately, spreading further, so something must be done to avoid these problems recurring every year. And I would like to see what other problems there are, and as a president, I need to know local opinions that may require adjustments to the economic policy. I hope that the policy the president has followed together with you, with the Supreme Council's support, will be supported. It often happens that we have to start from scratch after we have already made a decision. I am confident that if a decision is made, it should not be discussed any further, but carried out. And all power structures should channel their efforts toward that end. If they do that, then society, too, will work for that goal. Instead, what happens is that we write one thing, think another, and do something else. We must renounce this strategy of the past. [end recording]

[Smalinskyy] The president and his officials, including ministers and experts, went to Odessa Street that has been worst hit by the landslide. Leonid Danylovych spoke with local residents and experts. A more detailed discussion took place at the oblast council, looking from all angles at possible ways of eliminating the aftermath of the disaster. Experts estimated the cost of relief operations at several trillion karbovantsi. The president granted the requests of oblast and local councils and the promised necessary assistance. After the meeting, Leonid Danylovych Kuchma answered journalists' questions at an impromptu news conference. [passage omitted]

Apart from the local situation, the questions and answers dealt with problems of national importance and the president's immediate plans.

[Begin recording] [Kuchma] The main issue today that I am carefully preparing for, and which is why I took a short holiday to think again about everything that happened in Ukraine, is my annual address to the Supreme Council. It should dot all the i's. But I want to say this again: I am personally convinced that the route we chose is the only one possible, although some adjustments should be made. The main adjustment is that social protection should take priority, while all other problems are of secondary importance. And any decision made at the national level should first of all look after the people. That is what all reforms should be aimed at.

[Unidentified correspondent] How firmly do you believe that the law on power will be passed in parliament in the near future?

[Kuchma] Had I not believed in it I would not have submitted it to the Supreme Council. I am confident that this law should be passed. If it is not, the Supreme Council will not be able to work and fulfill its main role of law-making it is designed for. To be engaged in the sort of business it is engaged in now does not make it a true Supreme Council. It makes it a plenum of the Communist Party Central Committee in its true form, as recently shown. Still, I am confident that the majority of deputies wish to work on legislative problems and influence the course of events in society through laws, as it is done all over the world. [end recording] [passage omitted]

Movement Leader Criticizes Kuchma Policies

WS2802083095 Lvov ZA VILNU UKRAYINU in Ukrainian 18 Feb 95 pp 1-2

[Interview with Larysa Skoryk, chairwoman of the Ukrainian Nationwide Movement, by Ivan Vorobel under the "Point of View" rubric; place and date not given: "Clamorous Rattle Conceals Attempts To Liquidate Ukraine's Economic Independence"]

[FBIS Translated Text] **Our compatriot Larysa Skoryk, head of the Ukrainian Nationwide Movement, arrived in Lvov to participate in the scientific and practical conference "Reforms in Ukraine: Their Progress and Prospects." Taking the opportunity of this well-known political figure's arrival, ZA VILNU UKRAYINU asked her to comment on the course of events in our state.**

[Skoryk] Today, for every freedom-loving Ukrainian, the war in Chechnya is undoubtedly one of the most important events. We are on the side of the freedom-loving Chechen people. Moscow wants to exterminate that nation. However, this will not happen. According to Shevchenko's prophetic line—"Fight and you will win"—the Caucasian people will achieve independence and be able to decide their fate by themselves. God help them to accomplish this.

In the light of the generic nature of this tragedy, one could also objectively characterize the current situation in our state, a course of the "latter-day reforming" that creates so much ado both in Ukraine and abroad, despite the fact no results at all have been obtained.

The ruling elite in the former USSR was selected and formed in the atmosphere of war hysteria, which was an indispensable attribute of the Muscovite empire. This was the case during the October coup and civil war, and this also continued later in foreign and domestic policies, where that elite, indoctrinated by the empire, could only think in military categories. This led to the creation, over many years, of a most powerful Soviet military-industrial complex, which controlled all life on one-sixth of the globe. All of this contributed nothing useful to mankind, because the brightest minds were used to create implements of destruction. The T-34 tank, the "Katyusha" multiple rocket system, the Kalashnikov assault rifle, the first hydrogen bomb, the largest ballistic missile, and many other things are the evidence of this.

Over the 73 years of its existence, the USSR spent nearly 50 years in aggressive wars and military operations using tanks, aircraft, and artillery. Even at the time of its agony, the evil empire left dead bodies in Karabakh, Fergana, Dushanbe, Baku, Vilnius, and Tbilisi. During just three and a half years following the disintegration of the USSR, Moscow, having inherited the ruling military-industrial elite, actively developed the acquired traditions—in August 1991, tanks were used to disband parliament in Moscow; the war in Tajikistan has lasted for three years; not to mention the "peacekeeping" operations in the zone of the Osset-Ingush conflict. Add to this southern Ossetia, Abkhazia, and, finally, the apogee of misanthropy—the bloodshed in Chechnya, something that was even worse than in Afghanistan.

In the light of the activities developed by the military-industrial complex and its elite, Russia's particular support for the candidacy of Leonid Kuchma, former prime minister, who is now president, is not accidental, but rather well-considered. The ill-famed Ostankino campaigned for him so persistently. Among the former deputy corps in Ukraine, Kuchma was the man, who maintained the closest ties with the omnipotent Moscow military-industrial complex. To this day, there has not been any other such person in Ukraine whom the "hawks" could elevate to the Ukrainian political Olympus.

Leonid Kravchuk, the first president of our state, had emerged from the local Ukrainian elite that was never allowed to get involved in military policies and could only deal with economic and second-rate ideological matters. Leonid Kravchuk differed from the Soviet and Moscow "hawks" by his clearly defined peace-oriented thinking, which was completely in line with the thinking of European ruling circles and provided a chance to extricate Ukraine from the military traps of the empire and into the European world. That is why Leonid Kravchuk avoided any military pacts or alliances with Moscow, did not borrow any military traditions from its rulers, and did not try to keep his presidency with the help of tanks when the former Supreme Council, in a single democratic-communist swoop, managed to convene early elections and brought the "military- industrial lieutenant general" to the political Olympus in Ukraine. This is very convenient for Moscow, because its president can now talk with our president as with a not very bright schoolboy. Therefore, it is no wonder that Ukraine is being driven, by efforts on two sides, into a union, allegedly purely economic, but, in actual fact, a military one, a union that has virtually been joined by Kazakhstan and Belarus. And, as one wise man said, if this happens, Ukraine—even though preserving external attributes of independence—will be compelled to obediently follow the course of the brigandish policy, pursued by Moscow and then, quite probably, Ukrainian boys will have to resort to weapons to persuade the Chechens or some other people that they "belong to Russia." To make this military alliance with Russia look as peaceful as possible, the politically naive Ukrainian and global communities are being presented with an almost brilliant illusion of an allegedly harmless "integration," a notion familiar to the European ear. True, this integration proceeds in the Eurasian CIS area, rather than in the European one, and this, as it is perceived in Moscow, is fundamentally different from European integration and means, in fact, liquidation of Ukraine's economic independence and subordination of Ukraine's foreign and domestic policies to the Moscow diktat.

Today, this has already been successfully accomplished by signing an agreement on the Interstate Economic Committee, a memorandum [not further specified], a plan for the future development of CIS integration, and other documents. All of this proceeds to the clamorous rattle of implementing "radical reforms" in Ukraine that may lead to total shortages of homemade foodstuffs (as has already happened in Moscow). This will not be due to a failure to produce them in Ukraine; they will simply be manufactured "at the discretion of the one and indivisible" [passage in quotations published in Russian] by the Ukrainian agroindustrial complex privatized by capital no other than Russian. If one adds to this the fact that the terms driving Ukraine into bondage envisaged in the agreement with the IMF, that was eagerly signed in Madrid in October 1994 in exchange for a meager $600 million in so-called rehabilitation credits, an agreement, which also provides for canceling all state orders in Ukraine, including those for purchasing grain, which stipulates unconditional privatization of all elevators and granaries (obviously, by that same Russian bank capital, which now prevails in Ukraine) and abolishment of all restrictions on grain exports from Ukraine, then it will become obvious that all of this is undoubtedly meant for dictating prices of our grain and bread, and even the availability of bread in Ukraine, something that already happened in 1933 (provided that Little Russians resist joining the imperial kolkhoz).

[Vorobel] **There is much talk everywhere that sweeping privatization will rescue us. Is this so?**

[Skoryk] It will be appropriate to answer this question with another one: Are there many people in Ukraine, who are familiar with methods of declaring enterprises bankrupt? In accordance with such regulations, almost 90 percent of all industrial facilities have artificially been announced insolvent, first and foremost, those belonging to the former USSR military-industrial complex and are being privatized at absurdly low prices in favor of Russian owners by efforts of those same Russian banks in Ukraine. Then there follow the most important enterprises of strategic branches of our economy—those dealing with extraction of energy sources, power engineering, ship building, and metallurgy? Furthermore, ports, steamship lines, transportation complexes. Is the public aware of the fact that oil products for the Muscovite army are even now being supplied by the world's largest Lysychanskyy Oil Refinery that has been transformed into a joint-stock company under the Russian diktat (by Kuchma's team in the guise of "attracting

Russian capital" [passage in quotations published in Russian])? It is this pro-Russian direction which is being proposed for us as the fastest way to remove state control from all the most powerful enterprises and the agroindustrial production sector. This is being done under the auspices of pseudo-eminent economists who, during Kuchma's premiership in 1993 with its emergency powers, successfully undermined, by their decrees, the legislative foundation of our economy and reforms, and paralyzed the economy itself. They also succeeded in throwing almost everything far back and are now continuing their stupid experiments with the same proficiency. Facts, as they say, are stubborn things. The European Center for Macroeconomic Analysis of Ukraine has drawn up a diagram illustrating the contribution of different prime ministers and their teams to the economy of our state. This diagram graphically displays the indisputable capability of the current top leadership of the executive branch to perform the task of totally ruining our economy. (See "The Monthly Bulletin and Quarterly Supplement of the European Center for Macroeconomic Analysis of Ukraine," November 1994, p. 42).

Despite this, it is this executive branch that is again seeking emergency powers enabling it to accomplish all of its creative ideas, but this time in the form of dictatorship exercised by the presidential team, a dictatorship which would be legitimized by the law on power submitted by that team. This law, if adopted, would mean abolishment of the entire democratic system in Ukraine. The parliament is the only power institution opposed to the implementation of this plan. Incidentally, it is only a group of deputies in the parliament, including the Supreme Council speaker, which today forms a true opposition to total privatization of Ukraine for the benefit of foreign capital. To resist the opposition, an image is being created of a thoroughly communist parliament, which is allegedly vigorously striving to restore communism in Ukraine. It is thereby suggested that the parliament must be immediately dissolved and replaced by the dictatorship of the thoroughly "democratic and patriotic as well as one and indivisible" power of the presidential team (incidentally, this power has already formed a dangerous part and parcel with the power of the Prosecutor's Office). The presidential team includes D. Tabachnyk, V. Hrynyov, P. Lelyk, and other ideological key figures in pro-Russian internationalism and cosmopolitanism.

[Vorobel] **Strange as it may seem, none of our parties, numbering more than 30, has been heard to say its weighty word on this.**

[Skoryk] It seems to be high time to break the time-serving silence of our dwarfish parties and their leaders, who are servile, but very ambitious, and launch a serious discussion of the true situation in Ukraine and do this in a straightforward manner and without unnecessary exaltation. I think that the main thing for every one of us is to protect and build the Ukrainian state, because it alone is capable of maintaining the freedom, faith, rights, and dignity of the Ukrainian people.

Leftist Forces Hold Rallies, Set Demands

AU2702170595 Kiev HOLOS UKRAYINY in Ukrainian 24 Feb 95 p 1

[Unattributed report: "Who Marches With His Right Foot First? Left! Left! Left!"]

[FBIS Translated Text] On 22 February, representatives of Kiev left-wing parties and public organizations picketed the building of the State Committee for Television and Radio Broadcasting in protest against its leadership's policies. Concurrently, the leadership of the committee and the organizers of the protest action held negotiations.

At 1240, Kiev Internal Affairs bodies received anonymous information to the effect that a mine had been planted in the building of the Ukrainian State Committee for Television and Radio Broadcasting and that a hand grenade may be thrown into the crowd of the pickets that had gathered there.

At the request of the law-enforcement officers, the leaders of the protest action, without interrupting the negotiations, appealed to the pickets and asked them to disperse in order to avoid possible casualties.

The picketing was stopped at 1315. There was no explosion. The police checked the building of the State Committee for Television and Radio Broadcasting and the adjacent territory, but did not find any explosive device there.

On 22 February, participants in the rally, organized by left-wing forces in Kharkiv, demanded that Roman Shpek [Minister of Economy] and Viktor Pynzenyk [first deputy prime minister], as "proponents of the International Monetary Fund's policy," resign. They also demanded that basic foodstuffs be rationed at fixed prices for low-income families, that the minimum wages and pensions be in line with the subsistence level, and that the expenditure on maintaining the army and the state apparatus be cut by 50 percent.

In his interview for the INTERFAX-UKRAYINA Agency, Leonid Strezhko, secretary of the Ukrainian Communist Party Kharkiv Oblast Committee, said that he did not rule out a civil disobedience campaign by the Communist Party and other left-wing forces unless the demands adopted at the rally are met.

About 2,000 persons took part in the rally.

Consumers Asked To Buy Oil on Free Market

LD2702211195 Kiev Radio Ukraine World Service in Ukrainian 2000 GMT 27 Feb 95

[FBIS Translated Text] The government has approached ministries, state departments, enterprises, and businesses asking them to use their own funds to buy oil on the market, the Cabinet of Ministers press service reported. It said domestic oil refineries were not working to their full capacity despite government efforts to boost oil deliveries from various sources. The press service stressed that the government made this appeal in a bid to meet national economy requirements for oil products in the run-up to spring sowing.

Meshkov Directive on Downsizing

954F1487B Simferopol KRYMSKIYE IZVESTIYA in Russian 18 Feb 95 p 1

["Directive of the President of the Republic of Crimea on Reducing the Size of the Government of Crimea"]

[FBIS Translated Text] Since 1991—the moment Crimea received the status of a republic—the numerical size of the state apparatus of the Government of Crimea maintained by the state budget has increased from 703 to 1,255 individuals.

Supporting this number of state employees of the government is a heavy burden on the republic budget and arouses the just indignation of the citizens of Crimea.

Taking the aforementioned into account, Prime Minister of the Government of Crimea A.P. Franchuk:

1. In forming the budget of the Republic of Crimea for 1995, envisions a reduction in the numerical size of the apparatus of the government by 40 percent, bringing it to the 1991 level, and the material-technical resources, accordingly.

2. Will submit the specific proposals of the government to the president and the Supreme Council of Crimea, introducing the appropriate changes to the draft budget.

3. Will direct the released monetary resources to the sphere of social protection of poor citizens, and the released material-technical resources (transport, organizational equipment, etc.)—to strengthen the organs of internal affairs.

[Signed] President of the Republic of Crimea Yu. Meshkov. City of Simferopol. 14 February 1995.

Economic Issues

Foreign Investment Worth $10 Billion Expected

LD2702191195 Moscow INTERFAX in English 1802 GMT 27 Feb 95

[FBIS Transcribed Text] KIEV, Feb 27 (Interfax-Ukraine)—Ukraine's economy is ready to accept a total foreign investment of $8 billion to $10 billion within the next few years, according to the Economics and Foreign Economic Relations ministries and the Agency for International Cooperation and Investment.

"For the majority of the country's industrial enterprises getting investment today is a matter not so much of development as of survival," a head of department at the State Property Fund said.

Aleksandr Popov, in an interview with Interfax-Ukraine, named the metal, energy and engineering industries, the industry processing agricultural produce, light industry, transport and social programs as priority fields for investment.

All the shares in enterprises that are not covered by the current privatization program based on property certificates will go on sale when the program is over, Popov said.

Brokers will be available to help foreign investors. Besides, the Ukrainian law allows the creation of investment companies with 100-percent foreign capital.

Government Forecasts 5% Budget Deficit

LD2702184595 Kiev UNIAR in Ukrainian 1615 GMT 27 Feb 95

[FBIS Translated Text] Kiev, 27 Feb—According to the Supreme Council press service, this plenary week deputies are to begin discussing the draft state budget for 1995.

Last Saturday [25 February] the government and the National Bank of Ukraine reached agreement on issues of Ukraine's budgetary and credit and financial policy for 1995. A 5% deficit is being forecast. The presidential team insisted namely on such a figure referring to the world experience in economic transformations. But in the view of Vitaliy Melnychuk, the prime minister's adviser on economic issues, the budget deficit issue has been mentioned too often lately.

The main thing today is not to think about the figure of the deficit but about growth in the country's industrial output. The tragedy consists of the fact that in the last four years the gross national product fell by 75% and per capita income fell from $2,200 in 1990 to $737 in 1994.

Investment Climate Seen as Optimistic

WS2702153095 Kiev INTELNEWS in English 2119 GMT 26 Feb 95

[Report by Laura Ballman]

[FBIS Transcribed Text] Three years after independence, Ukraine is pushing a new wave of privatization, signaling a crucial year for the development of the young market economy's business climate. Experts say trust between the government and the business community must increase, so that the thriving shadow economy will join the sluggish official economy.

Signs are mixed over whether or not this important transition will soon happen. But most Western business leaders already in Ukraine are optimistic, and staying to see what happens, and millions of dollars of non-governmental capital investments are finally coming into the country.

"This will be the most important year in the life of modern Ukraine," said Yuri Pomazkov, local systems operation manager for International Business Machines. "We'll see dramatic change in the middle of the year." He speculates that within six months Ukraine will witness an influx of promised foreign assistance, a less cumbersome tax system, and more accessible credit lines.

"The current legislature we have in Ukraine needs a lot of changes," Pomazkov said. "But the latest presidential and government decrees show us there is an intention to improve the situation." Last year the three-year old subsidiary increased profit two-and-a-half times from the previous year. "Generally, I would say it is very promising to be present here," he said.

While official statistics—such as last year's 28 percent production drop—show a sluggish Ukrainian economy, other evidence illustrates a prospering business climate although much of it is channeled into the black market.

According to economist Alexander Paskhaver, speaking during an American Chamber of Commerce Meeting in Kiev last week, nearly 60 percent of the gross national product is hidden in the shadow economy, and personal monthly income in Ukraine is estimated to be 300 percent above the (3.31 million karbovanetses or US$26) official average.

"The current mentality of Ukrainian people," said Paskhaver "is the individual approach of a small-time owner who is hard-working and absolutely distrusts the government."

Business leaders say despite frequent political and legislative chaos, a burgeoning criminal element and difficult tax and customs regulations, Ukraine remains a profitable opportunity, full of untapped markets. With 52 million people, immense agricultural and manufacturing potential, and high-level technicians and scientists strategically set between Central Europe and Russia, entrepreneurs see nowhere to go but forward.

"I'm out there every day and we're seeing things open up left and right, and with Ukrainian capital," said Rick Martin, sales executive for C.I.L. Limited, a joint-venture packaged meat distributor. "It looks like the winds are blowing towards reforms."

William Senkiw, office managing partner for Arthur Anderson agrees. "Why did we come here and not leave in the summer of 1993? Because we're sitting here in a country of 52 million people," said Senkiw. Ukraine's "educated, literate work-force, close proximity to Western Europe and excellent seaport" makes the business potential here that of France, Germany, Britain and Spain, he said.

The climate has improved within the last year, and is likely to keep getting better as privatization, price liberalization and currency stabilization are instituted, Senkiw said.

The positive indicators are solid.

Stagnated economic reforms are finally speeding up following several set-backs last year, including a suspension of privatization, vocal anti-capitalist faction in parliament, and hyperinflation. National and regional privatization auction centers have opened in rapid succession since January, an important step towards a legitimate market economy.

"There has been a big reaction in Ukraine to the needs of the international marketplace said Senkiw. "Since October 1994, we've sensed a significant increase in activity."

"It goes back to the government," he said. "People are sensing the improved trust."

"You've got some Western investors interested, but it's because of the biggest thing, which is that the IMF, EBRD [European Bank for Reconstruction and Development] and World Bank are making favorable remarks about Ukraine, so you're seeing more activity above ground."

Economic reform proponents in government are aiming for a 5 percent budget deficit this year, thereby making way for International Monetary Fund financial assistance requirements. And short-term treasury bonds, to be issued later this year, are expected to boost this effort.

The Feb. 18 hard currency ban delay reassured entrepreneurs who believe dollars should remain in circulation until inflation—already down from a 72.3 percent high last November—recedes further, and the new currency, hyvrna, is introduced and pegged to hard currency.

Privately-owned enterprises are becoming more visible in the urban areas where people are well dressed and fed. Car ownership is up by one-third, and construction is booming, which Paskhaver said indicates national economic growth.

"Foreign automobiles can't hide in the shadow economy," said Senkiw.

Large foreign private investors seem to be taking notice, too.

Last month Kraft International completed Ukraine's first international tender when it gained the major share of a Trostyanetz chocolate factory in northeastern Ukraine. The transaction involved more than $25 million, placing it among Ukraine's ten largest foreign investments ever. Company officials invested a $1.1 million initial investment and promise to put in another $26.1 million. The Wall Street Journal last week reported that Wasserstein Perella is starting a $20 million dollar country fund pegged to Ukraine—another positive indicator for the nation's business climate.

"Only if you have a core outside investor will you have change," said David Snelbecker, associate director of the Project on Economic Reform in Ukraine.

Sergey Pisarev, president of International Information Technology, a computer systems company, said his company—which reported $25 million in revenue last year—opened with half foreign and half domestic capital. He says without foreign partners, capturing needed credit would be impossible.

Most executives say they are especially pleased by new, more manageable and coherent, tax rules, such as taxing profit rather than total income. "You will see more and more of the shadow economy emerging if the taxes are not punitive," said Senkiw.

But Zeljan Pavicevic, International Marketing Director for Federal Systems Group, Inc., involved in a $7 million joint-venture, is dubious. "The labor is very cheap here, but all the taxes (remain) very high. What costs a few cents becomes more than a few dollars after taxes." he said. "We pay some 16 taxes."

There is also concern among foreign investors that parliament might revoke the five-year tax break extended to foreign companies operating in Ukraine. Foreign entrepreneurs say this would be catastrophic.

While Kuchma and First Deputy Premier Viktor Pynzenyk favor market reform, they are often thwarted by Prime Minister Vitaliy Masol and communist-dominated parliament.

"This is a very blunt, bloody political process, so whatever you get will be far from perfect," said Snelbecker. He said much this year will depend upon the executive and legislative branches' ability to work together.

Political chaos often means businesses here operate without clear guidelines and laws. For instance, private land-ownership laws have not been settled so offices sometimes reside in buildings without definite landlords.

That's okay, says a Ukrainian business leader involved in communication technology, agriculture and tourism, because the government eventually will allow building owners to possess the land upon which their buildings sit. The way to succeed in this business climate, he says, is diversifying investments and speed.

"Whomever is first gets the best results," he said.

Western business leaders agree. Senkiw said Ukraine today is a wise testing ground for businesses considering investing in the Soviet Union. "If Ukraine blows up, so will the rest of the CIS countries."

But running a legitimate business in an environment that encourages underground transactions and hiding assets, can be difficult.

"Right now it is rather dangerous to be a businessman, because there are people who will shoot you" said a Ukrainian manufacturer. "But at the same time, businessmen are rewarded (monetarily)."

Organized crime is a product of slow economic reform, said Snelbecker, and will become part of the long-term business climate if incentives for becoming legal are not quickly instituted.

"I think the average Ukrainian citizen has used his common sense and natural instinct to create a shadow economy. I understand all the negative consequences of a shadow economy. I think these consequences are pretty obvious to all of us. But I would just like to offer the thought that it is this very shadow or black market economy that during the period of disintegration of the (Soviet) economy which, in fact, saved Ukraine in the first place," said Paskhaver.

Money Allocated To Purchase Crimean Farm Goods

WS2702144995 Kiev INTELNEWS in English 2119 GMT 26 Feb 95

[FBIS Transcribed Text] The Ukrainian Government will allocate money to purchase 50 percent of the grain harvest reaped in Crimea in 1995, said Ukrainian Agriculture Minister Yuriy Karasyk last week.

Karasyk said the government will also allocate 2 trillion karbovanetses [K] for its spring planting program in Crimea. The funds will be provided in the next two months, he said.

The first K700 billion will be allocated as early as March. The aid is of paramount importance this year because of the severe drought suffered by Crimea last year.

Ukraine is planning to spend approximately US$500 million for the purchase of various agricultural machines this year, he said. Large collective farms will be retained on the irrigated lands in Crimea, he said.

As before, the majority of agricultural machines will be imported from Russia, Karasyk said. (Today one Russian-made grain harvester costs US$190,000).

"The Republic of Crimea may become an exporter of various agricultural products, provided it gets the necessary financial aid from Ukraine," he said.

Ministry Reports 1994 Foreign Trade Surplus

LD2702134995 Moscow INTERFAX in English 1225 GMT 27 Feb 95

[FBIS Transcribed Text] KIEV, Feb 27 (Interfax-Ukraine)—Ukraine ended 1994 with a foreign trade surplus of $114.7 million, the former Soviet republic's Statistics Ministry said on Monday [27 February].

The country achieved this by increasing exports and cutting imports in the latter half of the year, thus overcoming a deficit of $500 million that built up during the first six months of 1994, according to a ministry report, obtained by Interfax-Ukraine.

Nonetheless, the republic's trade with other post-Soviet states showed a deficit of $1.7 billion last year.

Of the year's total foreign trade turnover of $19,650,500,000, the exports were worth $9,882,600,000 and imports $9,767,900,000.

Ukraine had trade with 140 countries. Most of its exports went to Russia (39%), Belarus, China, Moldova (5% to each), the United States and Switzerland (3% to each). The bulk of its imports came from Russia (59%), Turkmenistan (7%), Germany (6%), Belarus, Switzerland (3% from each) and the United States (2%).

Fifty-two percent of what Ukraine imported in 1994 was fuel - crude oil, oil products and natural gas.

Ukraine's principal exporters and importers were the Dnepropetrovsk and Donetsk regions, which handled 37% of the country's exports and 17% of its imports.

Coal Mine Closures Opposed

954F1536A Kiev MOST in Russian No 7, 20-26 Feb 95 p 10

[Article by Sergey Lukin: "Has the Coal Sector of Ukraine Gone the Way of Britain?"]

[FBIS Translated Text] An so, the Ministry of the Coal Industry has announced its intentian to cut the Gordian knot of the miners' problems. It has selected the British method—the closure of unprofitable mines. In 1995, the first 12 coal mining enterprises with a total extraction volume of 3,430 tonnes of coal per year will be closed in Ukraine and 17,003 miners will lose their jobs. Here is the list of these mines: "Red October," "Khartsyzskaya," "Nikonor," "Bryankovskaya," "Zakovskaya," "Donetskaya," "imeni Tyulenina," "imeni newspaper LUGANSKAYA PRAVDA," "Svetlopolskaya," "Novomirgorodskaya," "Verbolozovskaya," "Kazatskaya," and the "Balakhovskiy" open-pit mine.

The process of closing the unprofitable mines has not yet begun, but the passions have already flared over it. The trade unions and strike committees have spoken out sharply against the closure of the coal enterprises.

"To speak of the closure of mines in the nearest future is simply impossible!", exclaims the co-chairman of the Donetsk City Workers' Strike Committee (DGRSK), Mikhail Krylov. The main argument which the Donetsk strike committee leader presents are the material expenditures which will be involved. He believes that the closure of the mines will "be incredibly expensive." The assistant chairman of the Free Trade Unions of Ukraine, Sergey Kiselev, agrees with M. Krylov's opinion. In Kiselev's words, an average of 5 years would be required for the closure of the mines. The expenditures for electrical power alone, which is necessary for maintaining the mine during the period of closure, would comprise 50 percent of the volume of expenditures for the mining of coal, if the mine were operating.

However, specialists at the Ministry of Coal did not conceal the high price of ridding themselves of unprofitable enterprises. According to their computations, in 1995 prices, no less than 1.5 trillion karbovantsy per year would be required for the closure of one mine. Instead of reducing the expenditures for closure of mines to a minimum, the ministry has included in its estimate even the expenditures for providing housing for the workers on waiting lists at their new place of employment.

Even during the time of the Union there was such a tradition: To go to work meant to place your name on an endless waiting list for an apartment. The possibility is not excluded that such waiting lists exist also at the mines which are subject to closure. What kind of a piggy-bank are the ministry specialists counting on as they are so generously spending state money? That we do not know. The productivity at the 12 above-mentioned mines which have been selected for closure is, on the average, 7.3 tonnes of coal per worker per month. In the worst year, 1994, the average productivity per worker in the coal sector of Ukraine comprised 20 tonnes.

The second trump card which Mikhail Krylov and the other trade union leaders hold in their struggle against the ministry's closure plan is in fact the very absence of such a plan by the ministry. The ministry does not deny the fact that it does not have a general program for the mine closures. "Each of the 12 mines subject to closure will be closed in its own way," announced the First Deputy Minister of the Coal Industry of Ukraine, Dmitriy Gerasimchuk. An individual plan is being developed for each mine, which provides for the technical and social aspects of the closure. The plan provides for restructuring the grounds installations of individual mines, with the establishment of shops for production of products or services. At the present time, plans for closure of five out of the 12 mines have been prepared.

In the opinion of the trade union leaders, the solution of the problem of relocating the miners from the closed mines to operating ones poses huge difficulties. As a rule, new mines are located at a distance of 20-30 km from the old ones. Thus, for instance, Krasnodonsk residents commuted to the "Donetsk" and "imeni Tyulenina" mines on trolleys. These mines are to be closed, and the workers will be relocated to the Samsonovskaya-Zapadnaya mine. The Samsonovskaya-Zapadnaya mine, which is under construction, is located more than 30 km outside the city limits.

"All the cutters and tunnelers employed at the mine will be placed in jobs. Of this there is no doubt," assured the first deputy minister. Also, they are promising to re-train the workers currently employed in non-basic professions at the mines which are being closed. The ministry has provided funds for this purpose in the overall estimate of the cost for closure of the mines. Nevertheless, Dmitriy Gerasimchuk did not exclude the possibility of the "emergence of 'nuances' in the process of the mine closures. We have no experience in this question, and there will be nuances," he said.

Belarus

Suspension of Conventional Arms Elimination Confirmed

LD2702182495 Moscow INTERFAX in English 1646 GMT 27 Feb 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, and edited by Vladimir Shishlin]

[FBIS Transcribed Text] State secretary of the Security Council Viktor Sheyman passed over to head of the Interfax Minsk bureau Vyacheslav Zenkovich a document to outline the official stand of the republican leadership on decision of president Alyaksandr Lukashenka to suspend the elimination of excessive materiel and armaments in violation of the Treaty on Conventional Armed Forces in Europe. Follows the full text of the document.

"President Alyaksandr Lukashenka stressed that Belarus has to suspend the elimination of materiel and armaments due to grave economic conditions and despite the agreement and obligations related to the fulfillment of the Treaty on Conventional Armed Forces in Europe. The statement was made in his speech on February 23 at a ceremonious meeting on the occasion of the Day of Motherland Defender and the Belarussian Armed Forces.

"Disintegration of the Soviet Union imposed on Belarus a heavy economic burden of reduction of a huge amount of materiel and armaments. The Belarusian norm of tank reduction alone exceeds by over four times the reduction norm set for the United States, France and Great Britain. Bearing in mind the reduction of one tank costs 2,500 U.S. dollars to Belarus, the reduction of one APC [armored pesonnel carrier] costs 1,500 dollars and the reduction of one warplane costs 5,000-7,000 dollars, the overall spending to complete the materiel reduction will amount to about 2.5 million dollars. The republic will also have to spend much on environmental arrangements whose cost is estimated by Western experts higher than the reduction spending.

"In this connection Belarus has suggested to form a fund with money of developed states to help the reduction of conventional armaments, but this initiative was not supported. None but the U.S. has responded to the appeal, and the United States allocated five million dollars for tackling ecological problems. Even in this situation the country has done its best to fulfill the obligations on the treaty.

"The decision to suspend the reduction does not entail Belarusian separation from the treaty. It is a temporary measure.

"Belarus hopes that its approaches to the problems of disarmament and arms control will receive a worthy estimation of the international community and enable assistance to the whole range of aspects related to the fulfillment of the treaty."

Sheiman told Interfax that an official notification saying Belarus does not raise the question of reviewing the Treaty on Reduction of Conventional Armed Forces in Europe was sent today to heads of foreign embassies in Minsk.

IF Note: According to observers and the presidential circle, V. Sheyman is a most influential personality in the team of president Lukashenka. Since the beginning of the 1994 presidential marathon, Sheyman was a proxy of the president and a head of Lukashenka's election headquarters.

'Hasty' Lowering of Refinancing Rate Criticized

LD2702203595 Moscow INTERFAX in English 1907 GMT 27 Feb 95

[FBIS Transcribed Text] Minsk, Feb 27 (FIA—Interfax)—The International Monetary Fund (IMF) sent an official letter to Belarusian Prime Minister Mikhail Chyhir to the effect that the National Bank of Belarus had acted hastily in reducing the annual refinancing rate from 40% to 25%.

Sources in the Belarusian government told Interfax's Financial Information Agency that, according to the letter, the inflation rate in Belarus in February would exceed the government-predicted value of 25% to reach 30-35%. For this reason, the letter said, the reduction of the refinancing rate was premature.

The sources said that the IMF also objected to the government's intention to increase the minimum wage from 30,000 to 60,000 Belarusian rubles. The IMF's experts believe that this would cause a new inflationary upsurge.

The letter expressed concern over the government's apparent intention to give up a tight monetary policy. As a result, talks on a $250 million stand-by credit are likely to fail, the letter said.

The IMF decided at the end of January to make a second instalment, $100 million. Of the STF systems credit available to Belarus. The first instalment, $98 million, was granted last June and used chiefly to pay for fuels imported from Russia.

Russian Duma Speaker Thanked for Large Credit

WS2802120295 Minsk Radio Minsk Network in Belarusian 1100 GMT 27 Feb 95

[FBIS Translated Text] Belarusian President Alyaksandr Lukashenka cordially thanked Russian Duma Chairman Ivan Rybkin for understanding the Republic's economic demands displayed by the State Duma deputies who approved a large financial credit for Belarus. In a telegram addressed to the Russian parliamentary speaker, Lukashenka noted that this action is a shining example of close brotherhood between our countries and peoples.

Entrepreneurs Go to England for 'Working' Visit

WS2702130295 Minsk Radio Minsk Network in Belarusian 0400 GMT 27 Feb 95

[FBIS Translated Text] At the invitation of the British Government, a delegation of the Belarusian Entrepreneurs' Union is starting its visit to that country today. The delegation is headed by Uladzimir Karahin, president of the Union. A ten-day-long intense working program awaits representatives of [word indistinct] of Belarus. At a press conference held on the eve of the visit, Karahin noted: It is very important now to engage entrepreneurs worldwide into the investment process in our Republic and [words indistinct] the British Government's 400-year-long experience of working with private enterprises.

Moldova

Snegur on U.S. 'Support,' Membership of PFP

AU2702183095 Chisinau INFOTAG in English 1524 GMT 27 Feb 95

[FBIS Transcribed Text] Chisinau INFOTAG, 27/2/1995—Moldovan President Mircea Snegur has said that the international community would like to see the Republic as a zone of security and stability in the region.

In his interview with Radio Free Europe, the Moldovan leader stressed he had felt once again the support of the community during his recent visit to Washington. The United States believes Moldova has made a step forward compared with other post Soviet republics, and deserves support.

The United States is interested in the withdrawal of the Russian 14th Army from the republic, and speaks in favour of Moldova's obtaining guarantees of security and becoming a stability zone, Snegur said.

He stressed that Moldova views a guarantee for such security in its participation in Partnership for Peace Program. Answering a question about a perspective of broadening NATO, Snegur voiced his generally positive attitude to having new members in the bloc, but remarked that the membership should be broadening on the basis of mutually acceptable international accords and without any damage to any countries.

In his words, Moldova is seeking to take advantage of the privileges of being a CIS member, namely transparency of borders for economic agents, much lower customs and excise duties, etc.

As for relations with Romania, "they remain priority ones to Moldova," Snegur said.

Lebed Leaves for Defense Ministry Conference

AU2702181095 Chisinau INFOTAG in English 1524 GMT 27 Feb 95

[FBIS Transcribed Text] Chisinau INFOTAG, 27/2/1995—The Commander of the Russian 14th Army, Lieutenant General Aleksandr Lebed, left for Moscow today, where he will stay till the end of this week, INFOTAG was told in the Army Headquarters.

He will take part in a consultative meeting of the Defence Ministry which will analyze the actions of the Russian Armed Forces in the Chechen operation and consequences of the warfare for the Russian Army.

Some military officials offer a supposition that the meeting may have grave consequences for Lebed, who many times voiced his negative attitude to the military solution of the Chechen crisis, and named the operation in Groznyy "talentless." The above officials believe that should Lebed repeat his point of view openly in Moscow, this may result in his dismissal from the present post.

However, the ministry spokesmen are refuting categorically the very possibility of any personnel reshuffling at the present moment, because a special commission, which visited Tiraspol only in December, did not reveal any violations.

Such a viewpoint of the Russian Defence Ministry fully satisfies the Moldovan leadership, who have many times spoken for leaving Lebed in the post till the Army is fully withdrawn from Moldova. The official Chisinau believes that tough-character Aleksandr Lebed is the best guarantor against the armaments getting into the hands of the Dniester administration.

Udovenko: 14th Army To Exit Through Ukraine

AU2702142595 Chisinau BASAPRESS in English 2050 GMT 24 Feb 95

[FBIS Transcribed Text] Chisinau BASAPRESS, 24/2/1995—Ukraine has agreed in principle to be a guarantor of the Dniester conflict settlement together with Russia, stated Ukrainian Foreign Minister Hennadiy Udovenko at a press conference held today in Chisinau. According to him, it was Tiraspol that asked Ukraine to intervene as an additional mediator. "Given that Dniester is in immediate vicinity to Ukraine, Kiev's intervention in the last phase of conflict settlement could be seen as logical," stated Moldovan Foreign Minister Mihail Popov. Asked by BASA if Ukraine's participation in settling the conflict is due to the exhaustion of the peacekeeping mechanism with Russia's and the OSCE mission's participation, Minister Popov said that Kiev's intervention "does not affect the balance already established by Russian and OSCE mediators." Also, he added that Ukraine's involvement will not compromise the talks on special status for Dniester. Ukraine agreed to offer its guarantees for a concrete problem: free movement on the bridges across the Dniester River. However, Popov did not formulate a general definition of Kiev's involvement as guarantor. Minister Udovenko said that Kiev will not obstruct the 14th Army crossing Ukraine. He also emphasized that the withdrawal of Russian troops, and especially its equipment, presupposes the solution of problems regarding the condition of railways and trains. The Ukrainian Minister said that he is not prepared to estimate the costs of such operations and the share which the Kiev authorities might request to be defrayed. Asked about the conditions to preserve the ethnic identity enjoyed by Romanians in Northern Bucovina, Udovenko said that he has not heard of "cases of violation of Moldovan population's rights." At the same time, he assumed that there could be "separate cases of settling their problems in a manner that does not comply with the ethnic minorities law." Udovenko said that the problems encountered by Romanian ethnics include the lack of manuals, teachers, and finance, and not a preconceived attitude of Ukrainian authorities toward them.

Tiraspol To Cooperate With Crimean Permanent Committee

AU2702170695 Chisinau BASAPRESS in English 2020 GMT 22 Feb 95

[FBIS Transcribed Text] Chisinau, BASAPRESS, 22/2/1995—Tiraspol has joined the Permanent Executive Committee recently created in Crimea. The committee aims at starting a process of reintegration on the territory of the ex-USSR. This committee was formed at a recent scientific conference convened on the occasion of the 50th anniversary of meeting of leaders of anti-fascist coalition in Italy. The initiative of founding the permanent committee belongs to some political leaders who have presented Russia at the conference. Dniester and Abkhazian delegations also participated in the conference. According to the same source, the Tiraspol Supreme Soviet has decided to earmark a special group of deputies to maintain relations with the committee founded at the Crimean conference. The parliamentary group will be headed by Vasiliy Yakovlev who participated in this conference. According to local observers, Tiraspol assigned Yakovlev the role of a spearhead in many activities aiming at legalizing the self-proclaimed Dniester Republic. Professor Yakovlev was a member of a Dniester delegation that participated in January 1995 together with Chisinau officials in the seminar that took place on Oland Islands. Based on this Finnish province's self-administration experience, Tiraspol and Chisinau were to agree upon some concessions while elaborating the Dniestrian special status.

Parliament Adopts National Security Guidelines

AU2702214795 Chisinau BASAPRESS in English 2124 GMT 23 Feb 95

[FBIS Transcribed Text] Chisinau BASAPRESS, 23/2/1995—Moldovan Parliament examined the national security guidelines presented today by Security Minister Vasile Calmoi and head of the Parliamentary Commission for State Security Ion Ungureanu. Alexandru Mosanu of the Intellectuals and Peasants Bloc protested against considering "the actions aimed at tensioning social situation and that provoke social conflicts" as being a threat arguing that this contradicts the Constitution because it constrains the citizens' right to strikes. Asked by the Christian Democratic Popular Front [FPCD] leader, deputy Iurie Rosca, whether it was true that Tiraspol gained access to the files of the former KGB agents in Moldova, Calmoi said that "the security archives were located in various cities of the former Soviet Union and, unfortunately, they remained there. That is why we have materials that tell about the destiny and history of other peoples; security service organizations in other republics have similar materials on Moldova." Asked by Socialist deputy Pyotr Shornikov why the guidelines fail to counteract the political organizations from outside which influence Moldova's political life, the minister of security said that at a closer look at the document this aspect "is spelled out very well for specialists." Also, asked by Shornikov to express his opinion on the international financial organizations' access to the information on the country's financial situation, Calmoi said, "unfortunately such things do take place and are detrimental to the state's independence." After a somewhat intense exchange of opinions on the guidelines voting procedure the document was adopted with 47 votes (the simple majority of votes of the deputies present in the session hall).

Kazakhstan

Nazarbayev Message on Foreign Policy Progress

LD2702205095 Moscow INTERFAX in English 1907 GMT 27 Feb 95

[FBIS Transcribed Text] ALMATY, Feb 27 (Interfax) - Since December 1994 Kazakhstan's foreign policy has been at the peak of its activity, Kazakh President Nursultan Nazarbayev said in a message sent to parliament Monday [27 February].

Nazarbayev described this period as a landmark for the making of a nation. He said that numerous important events and positive changes had occurred during this period.

Nazarbayev took note of the security guarantees provided to Kazakhstan by four nuclear powers, the U.S., Russia, Britain and China. He said that the partnership with Russia was strategically important and that the documents signed during his January visit to Moscow had "consolidated integrating links and resolved the dual citizenship program."

He described the adoption, on Kazakhstan's initiative, of the Peace and Accord Memorandum, the decision on joint celebration of the Victory Day, May 9, and benefits to war veterans and the signing of a large package of documents on collective security as very important. Nazarbayev said that the signing by the European Union of documents on Kazakhstan becoming an observer in the World Trading Organization, the drafting of a program of cooperation with NATO and other events were also significant.

His emissary in the Supreme Soviet Konstantin Kolpakov told Interfax that copies of the president's message would be made available to the parliamentarians February 28. On the same day parliament is expected to debate the ratification of the Russian-Kazakh agreements on a streamlined procedure of acquiring citizenship in moving from one country to the other and on the legal status of the citizens of one country residing permanently in the other.

Nazarbayev Backs Tough Economic Program

LD2702182995 Moscow INTERFAX in English 1646 GMT 27 Feb 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, and edited by Vladimir Shishlin]

[FBIS Transcribed Text] President Nursultan Nazarbayev told a conference of industrialists and entrepreneurs in Ust-Kamenogorsk at the end of last week that macroeconomic changes and curbing inflation was the only way to pull out of the economic crisis.

Nazarbayev called for tough economy and discontinuation of subsidies to loss making factories. He said that populist calls for pumping worthless money into the economy had to be rebuffed.

Nazarbayev said that the prices and foreign trade had to be fully liberalized while the monthly inflation rate reduced to 2 percent to 3 percent a month, or 40 percent a year, and the industries privatized as soon as possible.

He wanted parliament to adopt the government's budget draft which he described as "very tough." He believed that a budget with a deficit of as little as 3.5 percent of the GDP would enable the country to obtain IMF credits, stabilize the economy and create a favorable environment for investments.

Nazarbayev said that direct private U.S. investments in 1994 had totaled $1.5 billion, notably nearly $700 million by Chevron and $300 million by Philip Moris which bought a cigarette factory in Almaty.

He expected an increased inflow of investments in the Kazakh economy in 1995.

In particular, an agreement is expected to be signed with British Gas and Agip, Italy, on development of the western gas condensate field Karachaganak. Nazarbayev said that the investments would amount to hundreds of millions of dollars.

He said that the country had a government of professionals whom he had given a free hand in handling an anti-crisis program.

Nazarbayev noted that the tenge remained stable against the dollar over months, inflation was decreasing and the industrial output grew by 1 percent to 2.5 percent every month. This suggests, he believed, that Kazakhstan can pull out of the crisis.

Nazarbayev admitted that Kazakhstan sustained "significant losses" in hard currency because transportation of exported oil remained a problem.

He emphasized that the problem was likely to grow with the increased oil output. In particular, the Tengizchevroil joint venture with Chevron, U.S., is expected to increase the output to 40 to 50 million tonnes a year in the Tengiz field alone. Nazarbayev said that the country extracted a total of nearly 25 million tonnes of oil a year now.

He said that a Caspian Coast-Novorossiysk pipeline could be built with the participation of Russia and Oman. The costs of its first stage is estimated as $700 million. Nazarbayev emphasized, however, that the country had to look for other ways to tackle the problem. He said he had held talks with Turkish leaders on construction of a pipeline across Turkey and Iran to the Mediterranean Sea.

Nazarbayev explained that the country's foreign policy would help resolve its economic problems. He emphasized the significance of security guarantees by the

U.S.A., Russia and China. In Nazarbayev's words, no kind of business will be coming to an unstable state.

He said that the peoples of the CIS member states wanted integration while their leaders were too slow. Nazarbayev said that Kazakhstan had to compete more vigorously for the Russian and Central Asian markets.

Debt To Turkmenistan To Be Paid With Wheat

LD2802064595 Almaty PANORAMA in Russian 25 Feb 95 p 5

[FBIS Translated Text] Under a Kazakh-Turkmen intergovernmental agreement on settling debt obligations, the Kazakh prime minister has signed an order instructing the Astyk joint-stock company to dispatch 50,000 tonnes of wheat from state reserves to Turkmenistan via the STB joint venture. Several ministries were instructed to assist in carrying out this operation.

The Kazakhstanenergo state electricity company is to recompense the budget for the value of the dispatched wheat and also pay the shipment expenses for it, and will conclude a corresponding agreement with the Astyk joint-stock company.

Some days later, under another intergovernmental agreement, on principles for trade and economic cooperation for 1995, the prime minister freed 220 tonnes of refrigerated and frozen sturgeon for Turkmenistan, as well as an amount of sturgeon caviar proportional to actual output, from customs duty. This decision was taken to compensate for Turkmenistan's fishing rights for these species of fish in the Caspian Sea and will stay in effect until an interstate agreement has been concluded on the protection and utilization of Caspian bioresources.

The Ministry of Trade and Industry and the Main Customs Administration were given corresponding instructions to fulfill this order.

Deputies Speak Out on Acceptance of Budget

954F1512A Almaty EKSPRESS-K in Russian 23 Feb 95 p 2

[Article by Erik Nurshin, parliamentary correspondent: "Will We Eat a Kasha Made of Odds and Ends?"]

[FBIS Translated Text] **I am happy to report to you, dear suffering Kazakhstanis, that our parliamentarians, jointly with the government, it seems, have reached the finish line on the discussion and possible initial adoption of the draft law "On the State Budget for 1995." It was exactly yesterday, at the regular plenary meeting, that Deputy Boris Marinushkin very justly and wisely exclaimed to the deputies: "We must not make a mishmash!"**

I fully agree with him. Because neither high-quality millet, nor rich Kazakhstani butter, nor the no less rich erstwhile native mutton can be expected in this kasha. But everything is scraps and investments, including foreign miserable margarine. Instead of rich butter.

In connection with the aforementioned, let us listen to just a small number of our deputies who spoke at yesterday's plenary meeting.

B. Marinushkin: "The procedure was established that we adopt this budget. Then we work carefully on the Tax Code. Afterwards we approach the new tax base. And starting with the second half year, we come to a new variant of the budget (it is necessary for 1995 to be ending, and then, of course, we will adopt the new variant of the 1995 budget!—E.N.). The end result is a scrap heap!"

Z. Kobenov: "As a professional doctor I want to say that there is total chaos in the health services of the republic... So many millions could be saved, but no one is working on this... Then, so many foreign firms have penetrated Kazakhstan! Like locusts! But there is no contact with them. The expenditure of articles of the budget (obviously in 1994—E.N.) is not fully controlled. The chief doctors change cars like gloves. At a time when patients are without beds or nourishing food! Furthermore, on the subject of oil. Really, how will the income part of the budget be replenished? For example, I know that in my electoral district, where Elf-Aquitaine has operated for four years (Aktyubinsk. Elf-Aquitaine is a French firm—E.N.), it put in 20 million in currency in the form of investments. Where are these investments? I have not seen this anywhere in the budget! Not one medical center has been built in four years! Their equipment has ruined an enormous number of pastures and arable lands... And this is at a time when the budget is empty! They are not helping us here. Why do we need firms like this?!"

V. Chernyshev: "Article 18 is the most terrible one in this draft law... I studied it carefully and came to this conclusion. Not only I, but the Control Chamber also. The more oil we export, the more we will pay to the Americans..."

I propose to supplement the Law on the Budget with Article 55 which contains the following: "Provide resources in the republic's budget for the full indexation of all types of investments of the population in savings books, certificates, the 3 percent 1982 USSR loan, and the 1992 Republic of Kazakhstan loan. Provide these resources at the expense of the sale of state property on a scale of 100 percent... The money that is taken away from the people today was earned by the sweat and toil of the people! Through not getting enough to eat, not getting enough sleep, and not getting enough to drink... The people's property has been stolen for a song. Look at what is being done in our country. 'Twenty-year-old snots' in Mercedes, with mouths full of gold teeth, guzzle foreign cognac and smoke cigarettes no cheaper than Marlboro's. At the same time, people are dying of hunger!"

For whose sake is the state budget being adopted! Of course, for your sake and my sake, but not for the sake of the "20-year-old snots." Now whether we will survive will depend exactly on the people's representatives.

Economic Court Chairman Views Legal Reform

954F1520A Almaty KAZAKHSTANSKAYA PRAVDA in Russian 23 Feb 95 p 3

[Interview with Leonid Dashuk, chairman of the Economic Court of the CIS Countries, by Yevgeniy Nekrasov, KAZAKHSTANSKAYA PRAVDA correspondent; place and date not given: "Chairman of the Economic Court of the CIS Countries on the Course of Legal Reform in Kazakhstan"]

[FBIS Translated Text] As we know, leaders of the CIS countries were in Kazakhstan's capital to take part in a summit meeting. As stated previously, they were accompanied by "other officials." One of these officials was Leonid Dashuk, chairman of the Economic Court of the CIS Countries, located in Minsk. During a plenum of the High Court of Arbitration of the Kazakhstan Republic in which he took part, I asked him a few questions.

[Nekrasov] Leonid Andreyevich, what can you tell us about the activity of the Economic Court of the CIS Countries and the tasks it must accomplish?

[Dashuk] The Economic Court was officially instituted on 6 July 1992, when a corresponding interstate agreement was signed. The main job of the Economic Court is to examine disputes of an economic nature which proceed from interstate and intergovernmental agreements and treaties. Therefore, only CIS states and their authorized organs may appeal to the Economic Court.

Our young court is today in the stage of establishing itself. We have developed court regulations, provisions on the status of judges, and other necessary documents. Nine judges today comprise the body of the court—representatives of Russia, Belarus, Kazakhstan, Kyrgyzstan, and Armenia. It is gratifying that the Economic Court finds understanding and support from the country in which it is situated—the Republic of Belarus. We are allocated the necessary premises, including housing, material-technical support, etc. At the same time, we cannot be silent about the unsatisfactory financing of activity of the Economic Court on the part of certain CIS countries. Thus, only Russia and Belarus are fulfilling their obligations completely. Kyrgyzstan is providing only 50 percent, and Kazakhstan—only 10 percent of their estimated obligation. This has a negative effect on our activity.

[Nekrasov] Well, what are the practical results of your work?

[Dashuk] Over the past year, the Economic Court has examined several appeals, for which three decisions were pronounced. Two of these were on the interpretation of agreements of heads of state, the third—an appeal by the Government of the Belarus Republic on inappropriate fulfillment by the Republic of Kazakhstan of the intergovernmental agreement of 9 February 1992 on the joint manufacture of television sets. The Court declared that Kazakhstan had unjustifiably failed to fulfill its obligations with respect to delivery of polystyrene raw material to Belarus, in an amount totalling about 400 million Russian rubles (in the opinion of several judges of the High Court of Arbitration of the Kazakhstan Republic, this matter lies outside the jurisdiction of the Economic Court—Ye.N.).

It may seem that three decisions a year does not amount to very much. However, the International Court of the European Economic Community examined only two cases in all of last year. Whereas we provided conclusions and engaged in consultations on complex issues in addition to the decisions themselves, which were used in other courts.

I believe it is necessary to raise the question of enhancing the effectiveness of the decisions of the Economic Court and expanding its jurisdiction. In fact, why is it that our decisions are only recommendatory in nature, and that only disputes in the sphere of economics may be examined? It is in the interest not of the court, but of the CIS countries desiring to resolve arising problems through legal means to change this situation.

[Nekrasov] How do you evaluate the course of legal reforms in Kazakhstan, in particular—the idea of consolidating the courts?

[Dashuk] Legal reforms are necessary. The only question is in the methods and time frames for doing so. Thus, I am convinced that we must adopt the Law on the Judicial System and Status of Judges—aimed at increasing the independence and responsibility of our judges—as soon as possible. As far as the idea of consolidating the courts is concerned, I am not about to render any categorical conclusion. I will note, however, that in all the CIS countries, all judges are independent. Such specialization taking into account the needed reform is a positive factor, in my opinion.

Kyrgyzstan

Over 60 Percent of Exports Go To Former USSR

LD2702184095 Bishkek Kyrgyz Radio First Program Network in Kyrgyz 1400 GMT 27 Feb 95

[FBIS Translated Text] Kyrgyzstan's trade turnover with foreign countries came to $656.6 million last year. Of this total amount, imports were worth $316 million and exports $340 million. Former Soviet countries accounted for 65.8 percent of export revenues, while other countries made up 34.2 percent.

We should note that funds received from external economic relations benefit the republic. The main share of the trade turnover is with Russia, Uzbekistan, and Kazakhstan. We receive mainly engineering, fuel, foodstuffs, industrial goods, and seeds from them, and give them electricity, hides, wool, [word indistinct], and antimony.

Independent Body To Investigate Election Complaints

LD2702182695 Bishkek Kyrgyz Radio First Program Network in Russian 1200 GMT 27 Feb 95

[Edict by President Askar Akayev on setting up an independent public commission to investigate complaints and claims relating to the process of elections to the Supreme Council of the Kyrgyz Republic; date not given]

[FBIS Translated Text] In the light of numerous appeals made by citizens, public organizations and associations, candidates for the post of deputy, authorized persons, as well as initiative groups against cases of breaches of the legislation on elections of deputies to the Supreme Council, I decree:

1. An independent public commission is to be set up comprising representatives from political parties and trade union movements, ethnic and cultural centers and associations, the media, labor collectives, and academics and lawyers.

2. The structure of the independent public commission is to be approved along the lines of the supplement.

3. The main task of the public commission is to be defined as conducting expert analytical assessments of complaints and claims that have been received about cases of breaches of the legislation on elections of deputies to the Supreme Council, and to submit its conclusions on these to the Central Election Commission on referendums and elections, and if necessary to the courts.

4. The Central Election Commission and Constituency Election Commissions are asked to render help in obtaining information on the election process to the public commission, and to give it access to the documents it needs to fulfill its assignments.

[Signed] President Askar Akayev of the Kyrgyz Republic.

Renewed Polls To Be Held in 6 Constituencies

LD2702172695 Moscow INTERFAX in English 1556 GMT 27 Feb 95

[FBIS Transcribed Text] BISHKEK, Feb 27 (Interfax)—On April 23, 1995, Kyrgyzstan will hold renewed polls in six constituencies where the second round of parliamentary elections was not held, the Kyrgyz Central Election Commission told Interfax Monday [27 February].

At present, a total of 89 deputies have been elected to the new Kyrgyz parliament after a two-stage election.

Those nominated at the previous elections are not entitled to another nomination under the existing legislation.

The registration of nominees in the six constituencies will end 40 days before the elections.

Tajikistan

Foreign Observers Describe Elections as Democratic

LD2802104895 Moscow ITAR-TASS in English 0958 GMT 28 Feb 95

[By ITAR-TASS correspondent Galina Gridneva]

[FBIS Transcribed Text] Dushanbe February 28 TASS—Independent foreign observers described the general elections held in Tajikistan on February 26 as free and democratic, representatives from the Russian Federation, the Interparliamentary Assembly of the Commonwealth of Independent States (CIS) as well as from Central Asian countries and Kazakhstan told a news conference here on Tuesday on behalf of their delegations.

They confirmed that they polls held in full compliance with the law on elections and referendums. Delegations visited all regions in the republic and did not find any substantial violations of the election law.

According to earlier reports, a group of foreign observers, mostly from CIS countries, as well as representatives from the diplomatic corps accredited in Dushanbe monitored the Tajik elections at the invitation of Tajik authorities.

They pointed to a high turnout. Despite great economic, social and political difficulties, voters went to the polls in great numbers.

Observers refuted allegations by some foreign, including russian, mass media and opposition leaders about the undemocratic nature of the elections, alleged juggling with balloting papers, moral and physical pressure on voters as well as falsification of election results.

Chairman of the Central Electoral Commission Kholmurad Sharipov told journalists about the election results at a news conference.

He said that 85 per cent of the Tajik electorate participated in the elections. As many as 161 candidates were elected to the 181-seat parliament. Run-off elections will be held in 20 constituencies where candidates have not collected the necessary number of votes.

According to Sharipov, members of the old parliament made up nine per cent of newly elected deputies, and 25 per cent, mostly the heads of local administrations, were elected without opponents.

The bloc of political parties is represented by eleven legislators, including three from the Communist Party and several lawmakers from the People's Unity Party and People's Party as well as from the parties of economic and political renovation.

Most parliamentarians are Tajiks by nationality. There are also Uzbeks whose number was not announced. Two deputies were elected from the 100,000-strong russian community. Sharipov stressed that the figure can change after the runoff elections in the 20 constituencies.

Iran Denies Taking Part as Observer

LD2702223695 Tehran IRNA in English 2017 GMT 27 Feb 95

[FBIS Transcribed Text] Dushanbe, Feb. 27, IRNA—The Tajik President Emomali Rakhmanov claimed that the republic's parliamentary election was held absolutely free and was according to the country's regulations.

Speaking to Dushanbe television network, he stated that residents of various regions in the country attended the Sunday elections. He termed those organizations and people, who called the Tajik elections as formal and not free, as malevolent to the people's will.

The first parliamentary elections after the independence of the country was held throughout Tajikistan Sunday. Radio Tajikistan announced that some 30 observers from the Commonwealth of Independent States (CIS), the U.S., Afghanistan, India and the Islamic Republic of Iran watched the election procedure and have approved its accuracy.

But Iran's ambassador to Tajikistan Monday told IRNA correspondent here that no observer from the Islamic Republic of Iran had formally taken part in the election. Some international bodies refused to send any observer to the Tajik Republic and said that the elections were not being held freely.

Rakhmanov Views Elections

LD2702183495 Moscow INTERFAX in English 1646 GMT 27 Feb 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] President Emomali Rakhmanov described the elections to parliament and local bodies of power in Tajikistan on Sunday [26 February] as democratic and free.

In an interview in Dushanbe he flatly denied fears in some foreign news media that the elections may cause disturbances and bring about a new spiral of civil confrontation in Tajikistan.

Rakhmanov said that the current campaign is the logical completion of the first stage of the political reforms, outlined by the 16th session of the republic's Supreme Soviet, which took place in November 1992 in the city of Khudzhand, administrative center of the Leninabad Region. It took place right after the end of the civil war in the republic.

According to the president, the elections on February 26 will "be a historic moment in the life of the Tajik people and state."

Rakhmanov also said that "social and political conditions of Tajikistan, which is healing the wounds of the civil war of 1992, cannot be compared now with similar conditions in the countries with the established democratic institutes." "It is impossible to build a democracy for two or three years, but we are attempting to do this," he said.

As is known, there were 354 candidates for 181 seats in the new republic's parliament. More than 50% of the candidates are top-ranking and medium-ranking leaders, and around 70 people are leaders of cities, regions, districts and representatives of nomenclatura. As many as 40% of deputies of previous convocation were nominated to the new parliament.

According to the information provided by the Central Election Commission, taking part in the elections were 85% of the total number of the republic's voters, who constitute 2,684,000 people. Elected were 158 deputies, over 80% of them are Tajiks by nationality.

Spokesman for the Central Elections Commission Mizrob Kabirov has told Interfax that final results of the elections will be made public on March 1. He believes that by-elections are probably to take place soon in 10 constituencies, because the candidates had not collected the necessary number of votes.

Taking part in the elections were representatives of three officially-registered in Tajikistan political parties—the Communist Party (leader Shodi Shabdolov), the People's Party (leader Abdulmadzhid Dostiyev) and the Party of People's Unity (leader Abdumalik Abdulladzhanov). Another republic's party, the Party of Economic and Political Renaissance, declared about its non- participation in the elections.

According to Kabirov, Dostiyev and Shabdolov became deputies to the new parliament.

The spokesman said that none of 27 independent international observers who attended the elections, have found any serious violations of the law on elections. This view was confirmed for Interfax by Dostiyev who expressed satisfaction over the progress of the elections.

According to commander of the Russian border troops contingent in Tajikistan, Lieutenant-General Anatoliy Chechulin, the Russian 201st motorized infantry division, which is part of the allied peace-keeping force in Tajikistan, was not put in a state of full combat alert on Sunday during the elections. Chechulin also told Interfax that no provocations on the Tajik-Afghan border were registered on Sunday.

Uzbekistan

UN Antinarcotics Official on Drugs Policy

LD2802062695 Tashkent Uzbekistan Television in Russian 1400 GMT 27 Feb 95

[FBIS Translated Text] A news conference was held at the UN mission in Tashkent today.

[Unidentified correspondent] (Arcadius Mayshek), regional director of the UN narcotics control program, held a meeting with journalists. He briefed them on the activity of the International Narcotics Control Board, and on Uzbekistan's participation in this process.

At the first session of the Supreme Assembly of the first convocation of the Republic of Uzbekistan, the decision was made that our state would accede to all three drugs control conventions which define the international systems in this field. The documents stipulate that governments must control the production and distribution of narcotics and psychotropic substances, combat drug abuse and illegal trafficking, and that they must ensure that the appropriate administrative mechanisms function.

(Arcadius Mayshek) stressed that Uzbekistan's accession to the international conventions places certain obligations on our country. Specifically, its drugs control legislation must correspond to international standards.

At present a law is being drafted which will create the legal foundations in Uzbekistan for combating the production, use and transport of narcotics.

Central Asia is an area of heightened danger because its geographical position is conducive to transporting narcotics from Afghanistan, Pakistan, and other states to Europe, while its climatic features are suitable for local production. Representatives of the UN regional program are participating in the work of the republic's Interior Ministry and other law-enforcement organizations to combat the 20th-century epidemic which cripples people's futures and affects their health and lives.

(Arcadius Mayshek) answered the many questions asked by journalists.

New Parliament Committees Created

LD2702170395 Tashkent Radio Tashkent Network in Uzbek 1300 GMT 27 Feb 95

[FBIS Translated Text] Resolution by the Supreme Council of the Republic of Uzbekistan on committees of the Supreme Council of the Republic of Uzbekistan:

The Supreme Council of the Republic of Uzbekistan resolves:

1. The following committees of the Supreme Council of the Republic of Uzbekistan are to be set up:

—Committee for the Budget and for Banking and Financial Affairs;

—Committee for Economic Reforms and the Development of Enterprise;

—Committee for Legislation and Judicial and Legal Affairs;

—Committee for International Affairs and Interparliamentary Relations;

—Committee for Science, Education, Culture, and Sport;

—Committee for Industry, Power, Transport, Communications, and Consumer Services;

—Committee for Agriculture, Water Resources, and Foodstuffs;

—Committee for Labor and Social Security;

—Committee for Environmental Affairs and Protection of Nature;

—Committee for Construction and Communal Housing Management;

—Committee for Press and Information;

—Committee for Defense and Security Affairs.

2. The Council of the Supreme Council is instructed to form the committees taking into account deputies' professional interests, their work and life experience, and their own expressions of preference, and to submit this as a motion for approval by the second session of the Supreme Council.

Erkin Khalilov, chairman of the Supreme Council.

Resolution Names Committee Chairmen in New Parliament

LD2802094695 Tashkent KHALQ SOZI in Uzbek 28 Feb 95 p 2

[FBIS Translated Text] Resolution by the Supreme Assembly of the Republic of Uzbekistan on electing the chairmen of committees of the Supreme Assembly of the Republic of Uzbekistan:

The Supreme Assembly of the Republic of Uzbekistan resolves:

The following deputies are to be elected as chairmen of the committees of the Supreme Assembly:

Abdurafiq Ahadov: Committee for the Budget and for Banking and Financial Affairs;

Anvar Ziyoevich Yoldoshev: Committee for Economic Reforms and the Development of Enterprise;

Bahodir Otaboyevich Eshonov: Committee for Legislation and Judicial and Legal Affairs;

Erkin Vohidovich Vohidov: Committee for International Affairs and Inter-Parliamentary Relations;

Asqar Ghaniyevich Kholmurodov: Committee for Science, Education, Culture and Sport;

Izidor Andreyevich Kochmarik: Committee for Industry, Power, Transport, Communications, and Consumer Services;

Jumaboy Saparboyevich Otamov: Committee for Agriculture, Water Resources and Foodstuffs;

Gulnora Botirovna Yoldosheva: Committee for Labor and Social Security;

Charjau Abdirov: Committee for Environmental Affairs and Protection of Nature;

Arslon Rajabovich Mominov: Committee for Construction and Communal Housing Management;

Otkir Hoshimov: Committee for Press and Information;

Bahriddin Azimovich Naimov: Committee for Defense and Security Affairs.

[Signed] Chairman of the Supreme Assembly of the Republic of Uzbekistan, Erkin Khalilov. Tashkent, 23 February 1995.

Urazayev Appointed Human Rights Commissioner

LD2702173895 Tashkent Radio Tashkent Network in Uzbek 1300 GMT 27 Feb 95

[FBIS Translated Text] Resolution by the Supreme Council of the Republic of Uzbekistan on the election of a human rights commissioner for the Supreme Council:

The Supreme Council of the Republic of Uzbekistan resolves that Shavkat Zakariyevich Urazayev has been elected human rights commissioner of the Supreme Council.

Erkin Khalilov, chairman of the Supreme Council of the Republic of Uzbekistan.

Armenia

Presidential Adviser on Contacts in Turkey

NC2702160795 Yerevan Armenia's Radio First Program Network in Armenian 1300 GMT 27 Feb 95

[FBIS Translated Text] Zhirair Liparityan, the chief adviser to the Republic's president, held a news conference today. Our correspondent Gevorg Nazarian was there. Here is his report.

[Begin recording] [Nazaryan] Zhirair Liparityan had gone to Ankara on 21 February at the invitation of the Turkish International Cooperation Agency and Foreign Ministry Institute to take part in the international conference on security, stability, and prosperity in the south Caucasus region.

He briefed reporters on some of the details of the visit, such as the fact that they left for Ankara via Kars and returned by the same route at the conclusion of the conference. Russia, Iran, Georgia, Azerbaijan, European countries, and international organizations took part in the conference alongside Armenia.

The president's chief adviser stated that besides himself, the Armenian delegation included Ruben (?Samrastyan), a lecturer at the Yerevan State University and the representative of the president's staff; and Eduard Tanoyan, director of the international economic organizations department at the Foreign Ministry.

As regards the conference, Zhirair Liparityan said the following, in particular:

[Liparityan] No particular result was expected from the conference except an exchange of views. During the conference, the opportunity arose to hold contacts not only with the participants and representatives of various countries but also with the leaders of the Turkish Government, such as President Demirel, Prime Minister Ciller, Foreign Minister Karayalcin, and the newly elected head of the newly established party [Republican People's Party] and former Foreign Minister Hikmet Cetin. Naturally, we also held working meetings at the [Turkish] Foreign Ministry. The meetings were on the whole courteous and consultative in nature and generally touched on regional issues, the Karabakh problem, and bilateral relations. We regard such consultations as working meetings and as a process. You know our approach, which stipulates the need to have good-neighborly relations with the neighbors without preconditions.

[Nazaryan] In addition to his visit to Turkey, Mr. Liparityan also spoke on the measures and programs planned to be implemented on the 80th anniversary of the genocide. He announced that an international conference will be held in Yerevan between 21-23 April. At present, the construction at the genocide memorial is continuing rapidly. Though the memorial will be inaugurated on 24 April, the construction will not be fully completed by then. Scientific archival documents on the Armenian genocide will also be published.

In reply to reporters' questions, Mr. Liparityan said that the Turkish authorities are searching for ways to improve Armenian-Turkish relations. He said that although the pipeline issue was not discussed at the conference, Turkey is not against its crossing Armenian territory. Azerbaijan is reproaching Turkey on this matter, but the Turkish representative [not further identified] said that since he does not interfere in Azerbaijan's internal affairs, the latter in its turn has no right to impose its will [on Turkey].

Mr. Liparityan concurred with one of the reporters' view that such a move by Turkey is prompted by its desire to deploy Turkish peacekeeping forces in the Karabakh conflict zone.

He then replied to other questions from the reporters. [end recording]

Turkey's Position on Easing Policy

NC2702195795 Yerevan NOYAN TAPAN in English 1301 GMT 27 Feb 95

[FBIS Transcribed Text] 27/02/95 NOYAN TAPAN—Head Advisor of the Armenian President Zhirair Liparityan reported at a briefing held on February 27 that his meeting with Turkish President Suleyman Demirel and Prime Minister Tansu Ciller was not planned beforehands and took place on the initiative of Turkish officials. Liparityan was visiting Ankara for participation in international conference "Peace, Stabililty and Prosperity in South Caucasus". The Advisor pointed out that the Turkish side was extremely favorable to the Armenian delegation. During the meetings Liparityan was told that Turkey could improve its position in regards of Armenia. Namely, it could open up the common border between two countries under condition that Armenia agrees to Turkey's participation in peace-making effort in the zone of Karabakh conflict. Turkey sets withdrawal of Karabakh armed forces from "certain territories occupied in the course of the conflict" as a prerequisite for establishment of diplomatic relations between the countries. Liparityan did not comment on reaction of Armenia to these proposals, but merely repeated the official point of view of Yerevan that Armenia is willing to develop normal relations with all neighboring countries without prerequisites. According to the Presidential Advisor, when an Azeri official said that if Turkey makes concessions in regards of Armenia it will "betray Azerbaijan", a Turkish diplomat replied, "Turkey does not interfere with domestic affairs of Azerbaijan and expects the same from Azerbaijan." Besides, a spokesperson of the Turkish Foreign Ministry said in his conversation with Liparityan that Turkey does not object to construction of the oil pipe line from Azerbaijan to Turkey through Armenia.

According to Liparityan, one can hardly hope for improvement in the relations between Armenia and

Turkey. This is hindered first of all by a complex internal political situation in Turkey.

[NOYAN TAPAN]: In April 1993, after occupation of Kelbajar region of Azerbaijan by the Army of Mountainous Karabakh, Turkey sealed borders with Armenia and prohibited transit from and to Armenia. After this, another 5 regions of Azerbaijan have been occupied by the forces of the Republic of Mountainous Karabakh.

Turkish Condition for Ties Rejected

NC2702193995 Paris AFP in English 1634 GMT 27 Feb 95

[FBIS Transcribed Text] Yerevan, Feb 27 (AFP)—Armenia cannot accept a Turkish condition for the establishment of diplomatic relations—the presence of Turkish troops in a multinational peace force for Nagorno-Karabakh, presidential aide Zhirair Liparityan said Monday [27 February].

Turkey has said it wants its soldiers to make up 30 percent of a peace force being sent by the Organization for Security and Cooperation in Europe to Nagorno-Karabakh, a pocket of territory inside Azerbaijan that is populated mainly by ethnic Armenians.

Liparityan, the senior adviser to President Levon Ter-Petrosyan, said in Ankara last week that Armenia was prepared to establish diplomatic ties. But he said Monday that the Turkish condition was unacceptable to Armenians, who view the Turks as too closely allied with Azerbaijan to serve in the force.

More than 20,000 people have died in fighting between Azerbaijan and Armenia since the conflict for possession of the territory erupted in 1988.

Turkey recognized Armenia in December 1991 when it won independence upon the dissolution of the Soviet Union, but diplomatic ties were never established.

Premier Views Karabakh Economic Situation

954F1523A Yerevan RESPUBLIKA ARMENIYA in Russian 23 Feb 95 pp 1-2

[Interview with Leonard Petrosyan, prime minister of the Nagorno-Karabakh Republic, by M. Ovanisyan, director of the Department of Information and the Press of the Nagorno-Karabakh Republic; place and date not given: "There Is No Alternative to the Market Model of the Economy"]

[FBIS Translated Text] **Leonard Georgiyevich Petrosyan was born in 1953 in the city of Martuni in Nagornyy Karabakh. He graduated from the Yerevan National Economy Institute with the specialty of economist. He has held senior economic and state positions: chairman of the agro-industrial complex of the Nagornyy Karabakh Autonomous Oblast and chairman of the oblast soviet of Nagornyy Karabakh. For the past two years he has been in charge of the State Administration for Special Programs.**

He is married with four children.

[Ovanisyan] Mr. Prime Minister, the formation of the government is being completed. By what principles have you and the president of the republic been guided in the choice of personnel and have there been disagreements between you?"

[Petrosyan] I will start at the end. I have had no disagreements with the president, there have only been clarifications, but, with our mutual understanding, everything has gone smoothly. I would mention immediately that there have been no serious changes in the composition of the government.

The selection of personnel, particularly for high government and state office, is in itself critical work, and whoever makes a nomination truly assumes great responsibility inasmuch as he is henceforward responsible for the person he has proposed. The present cadres promoted to high government [line illegible] in the course of the Artsakh movement. Their organizational and practical qualities were tested in the years of joint struggle.

I believe that a member of the government should not only recognize the program of economic reforms put forward by the president of the republic, he is duty bound to be its interested proponent also. The slight delay in the formation of the government is explained by the fact that it has been essential to ascertain the approaches of the proposed candidates to the government's socioeconomic program: the extent to which they were prepared for joint work. Of course, it cannot be ruled out that some have agreed with us in purely formal fashion—just as long as they become a part of the government. Further possible changes will undoubtedly be connected with the efficiency with which this person works on realization of the set assignments.

[Ovanisyan] To which candidates have you given preference and which qualities do you rate the highest?

[Petrosyan] I have essentially already answered this question: We have given preference to those who in previous years participated vigorously in the activity of the State Defense Committee and who conducted themselves in worthy fashion and who are today also prepared to embody in practice the economic and social programs that the government is devising.

[Ovanisyan] Can it be said that you have created a harmonious team of fellow thinkers?

[Petrosyan] I believe that a truly harmonious team has been created. I will be very sorry if it turns out that I am mistaken on this issue.

[Ovanisyan] Mr. Petrosyan, as chairman of the State Administration for Special Programs of the Republic of

Armenia, you are directly familiar with the economic life of our republic. Before switching to the main questions, therefore, I would like to ask you to characterize the economic and social situation of the republic.

[Petrosyan] The State Defense Committee performed a great deal of work on preservation of the economic structures of the republic and their adaptation to the conditions of the war. And this was, truly, achieved. The main industrial enterprises continued to operate, albeit not at full capacity, which, naturally, was simply impossible under the conditions of war, blockade, and the freezing of the former economic relations and for other reasons. The main thing, I repeat, is that the former economic capacity was preserved. And more than this even—an infrastructure in such spheres as power engineering, highway construction, water supply, and communications was created in just two years. These are serious prerequisites for a second decisive step—transition to economic reforms. Yes, it is very difficult, if not to say impossible, of course, to undertake economic reform under the conditions of war, switching from one mode of management to another. This has become possible now, when a comparatively lengthy armistice has been established. It was the war which was the reason why we have lagged behind in the process of transition to a market economy compared, specifically, with other regions of the former USSR, especially with the Republic of Armenia. This has both its negative and positive aspects, incidentally. What is reassuring here, say, is merely the fact that we can avail ourselves of the experience of other regions and not repeat their mistakes. After all, it is better to learn from someone else's mistakes than to make one's own, as they say.

[Ovanisyan] The first meeting of the government Presidium, at which the basic propositions of economic reform devised by the government were adopted virtually unopposed, was held recently. Is this a step toward the market economy and what are the strategic and tactical goals of the government concept?

[Petrosyan] This question evidently requires a more comprehensive answer. The main purpose of the basic propositions is with the aid of transition to the market to create a developed economy and a strong state and ensure for people prosperity. How is this to be achieved, by which paths? These questions are clearly answered in the document:

by taking certain steps to liberalize the economy, which will create the prerequisites for the pursuit subsequently of a more active economic policy;

the phased implementation of reforms—in conformity with the emergent possibilities and without detriment to the activity of the current system;

the introduction of individual private-ownership elements to the current system and privatization;

assurance of the correct proportion between private, collective, and state property, which will be an important prerequisite for the formation and development of market relations in the republic;

the creation of the conditions conducive to foreign investments;

the implantation of leasing relationships for an increase in production efficiency;

together with the introduction of market relations in the service sphere the creation of broad opportunities for the participation of private capital in the founding of new enterprises and the stimulation and expansion of active entrepreneurial activity.

Aside from this, the government will encourage individual housing construction, having increased in this sphere the significance of long-term lending.

In the sphere of health care and education we will avoid a radical reform of the system; the preservation of state systems of health care and education remains an important task here.

The government's activity will be channeled also into the development of the system of social security, preservation of benefits for the socially inadequately protected strata, and the employment of labor resources.

The liberalization of foreign trade will be of priority significance. The further liberalization of prices and rates will be combined with their state regulation. Such are the basic ideas of the government concept.

The transition to the market economy should take place with us gradually, without drastic see-sawing. The process of the transition from one mode of management to another is usually accompanied by negative phenomena: unemployment, a decline in economic activity, the incompatibility of the old and new methods of management, and so forth. Our task is to facilitate this transition as far as possible and reduce such undesirable phenomena to a minimum. It is very important in this matter—and this should be profoundly recognized by all—what view the people take of the economic reforms and whether they are psychologically prepared for the transition to the new management structure. Big tasks will undoubtedly confront the news media also here since a wide field of activity is opening up to you.

The government's aim is to ensure a smooth transition, a transition without the painful phenomena that are occurring in other countries of the CIS. It is necessary for this first and foremost to adopt the requisite laws. Availing itself of its right of legislative initiative, the government has sent parliament four packages of bills: on property, on privatization and the denationalization of state-run enterprises and facilities of incomplete construction, and on enterprises and entrepreneurial activity, and draft laws on foreign investments. It is essential to create a certain legal field which permits the government to pursue its activity normally.

It seems to me that we will be able in 1995 to implement the basic propositions of the economic reforms and create a legislative base and, as of 1996, to embark on the realization of programs of socioeconomic development.

[Ovanisyan] Agriculture has since time immemorial performed the predominant role in the economy of Nagornyy Karabakh. Today one of the main conditions of an upturn of the republic's economy is, in my view, a revival of agriculture. What reforms in this sphere are outlined in the new programs?

[Petrosyan] The main direction of the reforms in this sphere will be the conversion of the current sovkhozes and kolkhozes and the creation of collective-share companies—without privatization of the land until a law on the land has been adopted.

In order to prevent the inappropriate, unproductive use of the land the government considers it expedient to transfer plots of land to long-lease terms.

The transformations that are planned in agriculture will create favorable prerequisites for the increased interest of business entities and the pursuit of fundamental reforms.

Equal conditions will be created in the agricultural sphere for all operating facilities. Let the forms that prove to be the most viable develop. The government will always keep questions of agriculture at the center of its attention and will render state support, but will never assist the farms that attempt to survive at the expense of the state in accordance with the old Soviet habit.

[Ovanisyan] Mr. Petrosyan, these basic propositions skirt the army, as it were. As we know, an edict of the president of the republic has created a Ministry of Defense, to the leadership of which Major General S. Babayan, commander of the Defense Army, has been appointed. What will the relationship of the army and the government be?

[Petrosyan] The army will remain a subject of the government's daily concern. Our army has been and always will be the principal guarantor of the socioeconomic and political goals. We are embarking on economic reforms today solely thanks to the fact that the Defense Army has forced an armistice on the enemy.

The army needs weapons and munitions and places for billeting, barracks are needed, and the soldiers need to be fed and clothed. There is a multitude of other concerns also. And even more: We are obliged to display concern for the social needs of the entire personnel and material support for the families of the deceased and invalids.

I would like to mention one further task. Under the conditions of war certain changes in functions occur. Spontaneously and, in places, entirely objectively also certain army subunits have assumed the role of law enforcement authorities. Or, say, the commanders of certain companies are attempting to resolve the economic problems of their "boys" "on their own," in violation of legality at times and sometimes by methods that are simply unacceptable. This has been involuntary—on account of our newly formed state's lack of the pertinent structures and organized work.

Today these deviations have been overcome, in the main, and I may say that the army command is displaying an interest equal to ours in the business of the successful implementation of economic reforms in the republic.

[Ovanisyan] At a recent meeting of the Nagorno-Karabakh Republic Supreme Council President R. Kocharyan expressed concern that Nagornyy Karabakh and Armenia were in different economic domains, which is seriously hampering integration processes. Can it be said that the proposed reforms will resolve this problem?

[Petrosyan] The new economic program will accomplish many of the main attendant tasks and will, consequently, help integration and the processes of interpenetration. We should proceed from the fact that the Nagorno-Karabakh Republic and Armenia cannot have economic laws that are mutually contradictory, laws of a different nature at times, if you will, for we are essentially one entity, and even if there are some differences, they must not be mutually contradictory. Ultimately Nagornyy Karabakh is part of Armenia, with all the consequences ensuing from this.

[Ovanisyan] At the meeting that I have already mentioned the government Presidium approved the present year's state budget. Can you say how this budget differs from last year's? And tell us, please, the pivotal tasks that have to be tackled this year.

[Petrosyan] The revenue side of this year's budget is contemplated in the amount of 1 billion drams. This change is connected not only with the anticipated economic stimulation but also with the government's tax policy, for the realization of which a tax administration will be created. Land and property taxes will be introduced also. The land tax will be part of a number of agricultural reforms, incidentally.

The present year's budget has an emphatically social focus. It is sufficient merely to say that 51.8 percent of all expenditure will be for social and cultural organizations and institutions. The maximum assistance will to the extent of our possibilities be rendered the socially unprotected strata. The new budget has been put together with great difficulty and with a sizable deficit. It also contains a clear-cut tendency—toward the gradual riddance of substantial subsidies, the state having been relieved of burdensome and unproductive tutelage. The main purpose of the economic reforms is, a market economy having been created, to obtain on the basis of this a socially just, balanced budget.

[Ovanisyan] The national interests of the Armenian people intersect in Artsakh. The entire Armenian people should be taking part in the economic rebirth of the republic. The authorities of the Republic of Armenia and the all-Armenia Ayastan Foundation primarily. What programs will be realized this year?

[Petrosyan] All Armenians are participating in the accomplishment of the socioeconomic tasks of Artsakh. The greatest assistance, of course, is being rendered by the Republic of Armenia. We people of Artsakh are grateful to the activity of the Ayastan Foundation and its "Artsakh" program. By the efforts of the foundation we have in the previous two years been able to create infrastructures in the sphere of power engineering, water supply, and highway construction. Work in this area will continue in subsequent years also: New programs will come on the agenda. It is contemplated, for example, restoring in Shusha the modern school, fully reconstructing the Stepanakert-Lachin highway, and undertaking other programs. The investments specified by the "Artsakh" program exceed our state budget. This is what is meant by the national contribution, national unity. All our compatriots in the world and the charitable societies that are rendering fighting and building Artsakh moral and material assistance are deserving of warm words of gratitude.

[Ovanisyan] Well, good luck!...

[Petrosyan] And may God help us!

Azerbaijan

Foreign Ministry Criticizes Armenian Stance

LD2702155195 Moscow ITAR-TASS World Service in Russian 1511 GMT 27 Feb 95

[By ITAR-TASS correspondents Sevindzh Abdullayev and Viktor Shulman]

[FBIS Translated Text] Baku, 27 Feb—The results of the seven year of confrontation between Armenia and Azerbaijan were set out in an Azerbaijani Foreign Ministry statement circulated here today. In addition to well-known truths about the many losses on Azerbaijan's side, the document notes for the fist time that "the years of war have shown that nothing can undermine the determination of Azerbaijan's people to liberate the occupied lands and their will to preserve their independence, sovereignty and the territorial integrity of the state".

At the same time the statement stresses that Azerbaijan's leadership will continue to adhere to the principles of a peaceful settlement in Nagorno-Karabakh, even though all the attempts by Armenia to block it, as the document says, and "to consolidate the gains of its policy of force against Azerbaijan" are aimed at continuing the occupation of its territories. According to the republic's Foreign Ministry, this takes the form of Armenia trying to drag out the talks mediated by the OSCE and Russia on signing a peace agreement on settling the conflict and eliminating its consequences. The demand that the status of Nagorno-Karabakh's Armenian community should be raised at the talks while the rights of Azerbaijan's community in that region are being completely ignored is viewed by Azerbaijan's Foreign Ministry as unacceptable and contradicting international norms.

The conclusion reached is that "Armenia is using the talks to gain time and to beef up its military presence in Azerbaijan. This contradicts the resolutions of the UN Security Council and of the OSCE Budapest meeting."

Sources: Guluzade Against Humanitarian Corridor

954F1533B Yerevan RESPUBLIKA ARMENIYA in Russian 23 Feb 95 p 1

[NOYAN TAPAN report: "But It Will Cost Turkey a Pretty Penny..."]

[FBIS Translated Text] "In the event a humanitarian corridor opens up across Turkey, Armenia will not be interested in finding a peaceful settlement to the Karabakh conflict," stated Vafa Guluzade, Armenian state foreign policy adviser. Providing this information, sources in Azerbaijan cited the following assertion of the ambassador: "Despite Yerevan's assurances that it would be possible to use this humanitarian corridor to deliver food across Armenia into Azerbaijan, I am opposing its immediate opening. The corridor will be able to operate only after a peace accord is signed in which we find understanding from our Turkish colleagues."

At the same time, a bill providing for termination of financial assistance to states impeding the passage of humanitarian shipments of the United States Government through their territory was introduced Monday by members of the U.S. House of Representatives.

"Despite the fact that this bill is not directed against any one country, it affects Turkey, which does not allow humanitarian shipments of the U.S. Government destined for Armenia," stated Christopher Smith, chairman of the Subcommittee on International Operations and Human Rights of the International Relations Committee of the House of Representatives in Washington. Smith noted that in justifying its actions by virtue of the occupation of Azeri territory by "the Armenians of Nagorno-Karabakh," Ankara had no right to do so, since it is not one of the parties in conflict. In addition, recognizing the dissatisfaction of the Clinton Administration with this bill, the congressman stated that Congressional hearings would be conducted on the matter.

Participating in a press conference, Frank Pallone, cochairman of a recently formed Congressional faction on Armenian problems, specially emphasized that "in continuing to receive large amounts in loans from the United States, Turkey is blocking aid to Armenia—a country Washington is helping to become a powerful self-governing entity." Senator Joseph Kennedy stated in turn that "it is time for the United States to demonstrate moral leadership and say: 'Enough!'"

It should be noted that a similar bill was introduced the beginning of this year by U.S. Senate Majority Leader Bob Dole and Democratic Senator Paul Simon.

According to Azerbaijani sources, despite the fact that official Ankara has not yet reacted to the recent events on Capitol Hill, adoption of the Act on Humanitarian Corridors may cost Turkey losses of $600 million this year. In addition, the Turkish ambassador to Washington accused drafters of the bill of failure to be attentive to Azerbaijan's problems, where 1 million citizens have been deprived of governmental assistance from the United States by will of the U.S. Congress.

These sources also report that the problem of operating the humanitarian corridor was also touched upon during the course of a secret meeting in Paris between Armenian President Levon Ter-Petrosyan and Alparaslan Turkes, leader of the People's Party of Nationalists of Turkey. The leader of the Turkish opposition also related the opening of the corridor to the liberation of all previously seized Azeri territory.

Former Minister Denies Chechnya Arms Deals

954F1533A Yerevan RESPUBLIKA ARMENIYA in Russian 23 Feb 95 p 1

[NOYAN TAPAN report: "Provocations Do Not Suit 'Gray Wolves'"]

[FBIS Translated Text] Commenting on an article published in the newspaper KOMSOMOLSKAYA PRAVDA, Iskender Gamidov, former minister of foreign affairs of Azerbaijan and leader of the Bozgurd Party, stated: "I speak with Dzhokhar Dudayev by phone every day, and we have never discussed Stingers, mortars, or money, and certainly not terrorist acts in Dagestan."

Continuing his comments, the former minister noted that D. Dudayev charged him with sending medals and awards produced in a foreign state to Groznyy for Chechnya's national heroes. "I procured the awards and personally delivered them to President Dudayev," he stated.

In addition, the Bozgurd Party leader said he was personally involved in dispatching humanitarian shipments from Turkey to Chechnya. I. Gamidov considers publication of the above-mentioned article on his talks with Dudayev as a gross provocation on the part of Azerbaijan's National Security Ministry. In his opinion, Russia's Federal Counterintelligence Service was unable to record his conversations with Dudayev because "we gave Dzhokhar Dudayev a special telephone which encodes transmissions."

I. Gamidov also stated that because of his close contacts with the democratic community of the Russian Federation, Russian special services were conducting a campaign of slander against him. "It is from me that Gaydar and Yushenkov obtained objective information on the events in Chechnya, for example," Gamidov asserted. "I believe the Chechen people deserve independence, and I am rendering assistance to the national liberation movement in this country," he added.

Iranian-Azerbaijan Cooperation Detailed

954F1546A Baku BAKU in Russian 18 Feb 95 p 3

[Interview with Agai Mohamed Tahiri, head of the diplomatic mission of the Islamic Republic of Iran in Azerbaijan, by P. Rustam-zade; place and date not given: "'Iran Always Has Been and Will Continue To Be a Bridge of Friendship'"]

[FBIS Translated Text] **Let us introduce our interviewee: Agai Mohamed Tahiri, head of the diplomatic mission of the Islamic Republic of Iran in Azerbaijan. He acquired his education in Houston (United States). Since the victory of the Islamic revolution he has worked in the Ministry of Foreign Affairs of Iran, headed the Embassy of the Islamic Republic of Iran in New Zealand, and been consul general in Istanbul.**

[Rustam-zade] Bilateral relations in various fields, in the economy included, have historically taken shape between our countries. What kind of partner contacts do Azerbaijan and Iran have today?

[Tahiri] In the name of God the Almighty, the All-Merciful! Our neighboring countries have always found a common language in the development of bilateral economic relations. As far as today's results are concerned, I can give you the following example: Trade turnover between our countries has amounted to $500 million, which constitutes 60 percent of all trade and economic relations with countries of the CIS as a whole. At the present time Iran exports to many countries, Azerbaijan included, food, products of enterprises of light industry, building materials, and a wide selection of consumer goods. A convincing example of the close cooperation of Iran and Azerbaijan are the industrial exhibitions that are held regularly in the capital of your republic.

[Rustam-zade] There has, certainly, following the restoration of Azerbaijan's statehood and its acquisition of independence, been a change in a positive direction in the nature of the partner relations also and a marked expansion of the possibility of their further development in the sphere of the market economy.

[Tahiri] Of course, we have primarily acquired an opportunity for the even greater development of mutually profitable economic relations. A five-year program of economic development has been completed at this time in Iran, and we have embarked on the implementation of another. Both specify the establishment of profitable economic relations with the republics of the former Union, the Muslim republics first and foremost. Thus the plans include the construction of a railroad branch line from Azerbaijani Astara to Iranian Astara, which will permit us a link with the Caucasus. Then the creation of a free economic zone with Azerbaijan—we have a common border of approximately 1,000 km—which will also exert a positive influence on the development of the two countries' economies.

Considering the blockaded state of Nakhchyvan and the shortage of "blue fuel," we are laying a gas pipeline from the territory of Iran to the autonomous republic, and we have only 80 km still to go. In order to facilitate the passage of freight, visa procedures have been lifted for drivers of trucks and passenger vehicles. Previously the embassy was having to issue 300-500 visas a day, and the Embassy of Azerbaijan has been relieved of this problem also.

[Rustam-zade] Iran, like Azerbaijan, is a Caspian state. Your participation in the consortium of foreign oil companies also emphasizes the neighboring country's aspiration to cooperation in this sphere.

[Tahiri] Even before our incorporation in the consortium we were cooperating closely with the Azerbaijani oil workers. Thus we purchased from you offshore drilling platforms and a special ship, which will search for deposits on the Iranian shelf of the Caspian. In addition, the plans include the creation in Nakhchyvan of an oil refinery. As far as participation in the realization of the "contract of the century" is concerned, we want the Caspian to become a sea of friendship, and the joint exploitation of its resources that is planned is convincing proof of this.

Iran's Azerbaijani Students Issue Demands

954K0472A Baku AZADLYG in Azeri 10 Dec 94 p 2

[Report from Southern Azerbaijan Liberation Movement: "Iran: What Do The Students Want?"]

[FBIS Translated Text] In information given to us by the Information Center of the Southern Azerbaijan Liberation Movement it is stated that Azeri students living in Iran have appealed to the Iranian State Committee, the Iranian Islamic Assembly Council Majlis and the entire world press. It says in the letter: "The social and economic processes occurring in the Republic of Northern Azerbaijan have given a major stimulus to the awakening of national consciousness in Iran and especially in Southern Azerbaijan. As a result, our people, numbering 25 million, are standing up in order to demand their primary and natural rights. At the end of last year, the Turkic-language students of Iran sent an appeal to Iran's Majlis. This appeal led to the jailing of southern students. The students, not impeded by mass imprisonments, are still committed to the fulfillment of these earlier demands."

1. Based on Article 15 of the Constitution of the IRI, Azerbaijani Turkic should be the language of instruction in Azerbaijan's schools and universities;

2. A special channel should be allocated to broadcasts in Azerbaijani Turkic;

3. The name of the fictitious "Erdebil Ostan [province] should be changed back to its historical name. Turkic-speaking students from Tabriz, Urmiyye. Zenjan, Tehran and Erdebil universities signed the appeal.

SOCAR Chief Discusses Oil Consortium Talks

NC2402210695 Baku TURAN in English 1024 GMT 24 Feb 95

[FBIS Transcribed Text] Baku, February 22 (TURAN)—The negotiations between SOCAR and BP company about joint development of the Shahdeniz oil-field have begun during the visit of the heads of SOCAR to London from February 14 to 20, the President of SOCAR, Natig Aliyev, told Turan.

He also said that the programme and the budget of the joint venture of SOCAR and McDermott company for 1995 has been also discussed during the visit.

"At the invitation of the President of BP company, I took part at the annual meeting among the Presidents of the oil companies in London", Natig Aliyev said.

Touching upon the assignment of the Azeri share in the consortium, Natig Aliyev said: "We cannot settle the issue on assignment of our share, now we did not know which part of the share to preserve". He also added that the issue on assignment of part of SOCAR's share to Iran remains open since during the session of the representatives of the consortium, the American members of the consortium expressed their negative regard for Iran's participation in the consortium. Under the terms of the contract, the company can assign part of its share if all members of the consortium agree.

Natig Aliyev also said that the issue concerning increase in the share of the Turkish Company in the consortium is yet to be settled.

Democratic Congress Supports Oil Line Through Turkey

954K0472B Baku AZADLYG in Azeri 10 Dec 94 p 2

[Statement by the Democratic Congress: "Democratic Congress Favors Passing of Oil Pipeline Through Turkey"]

[FBIS Translated Text] A statement of the Democratic Congress is devoted to the ratification of the petroleum contract and the route of the oil pipeline. The Democratic Congress considers that the government is holding to a position running counter to the interests of Azerbaijan in the question of the route of the pipeline. By permitting serious mistakes, it connects foreign policy only to the oil contract. The Democratic Congress recognizes the need to consider the interests of the state as a whole rather than those of an individual in the question of the route of the pipeline. If all this is not taken into consideration, the oil contract, which has lost political importance, will also lose its economic importance.

The Democratic Congress makes it known that it favors the oil pipelines passing through the territory of Turkey.

Mutalibov Vows To Continue Struggle To Return to Power

NC2402165195 Baku TURAN in English 1212 GMT 24 Feb 95

[FBIS Transcribed Text] Baku, February 24 (TURAN)—"I initiated creation of the opposition organization 'Civil Union', (CU) but it is not the party, it is national liberation movement, which includes the parties, public organizations and citizens irrespective of their nationality, political or religious affiliation", ex-President Ayaz Mutalibov, told in his interview to "Azadlig" radio (Azeri editorial office of "Liberty" radio).

He acknowledged that the CU is in opposition to the current regime. "The police regime is being established in Azerbaijan, military and political censorship is active in the country, any different trends of thought are suppressed - in such conditions one cannot speak about democracy", Mutalibov mentioned.

Ayaz Mutalibov recognized that the CU is created together with Rahim Gaziyev, Suret Huseynov and Alikram Humbatov. He said that the CU is opened for all citizens and political parties of Azerbaijan. "I know that there are progressive people among the PFA [People's Front of Azerbaijan], who are dissatisfied with the activities of the government of 1992-1993 and with the current leadership of the country", Mutalibov says. He mentioned the CU has three aims—to ensure peaceful forms of national protest, improvement of internal and foreign policy and creation of conditions for free will of the nation. "We are against armed confrontation and we can come to power only by peaceful means, by Parliamentary elections", he said.

Ex-President considers that over the past two years the situation in the economy worsened—corruption and nepotism enveloped all spheres of life and even the top echelons of power. "Azerbaijan, actually, is divided into zones and regions due to the policy of the current authorities", he mentioned. He considers that this fact led to the economic crisis. "If in such conditions privatization is conducted, the nouveau riche will use it in its own interests and this fact will cause dissatisfaction among the population", ex-President mentioned.

Mutalibov rejected accusations of his opposition to the oil contract. He recalled that the first oil contract has been working out when he was in power and in 1990 the tender for the development of three offshore oil-fields of the republic. "I needed two months to sign it", he mentioned.

Ex-president mentioned that he positively assesses the oil contract and it must have been concluded all the same. "However, the oil contract must bring economic benefit to the Azeri nation, it must not be used as the political trump card", he said. The final variant of the contract is more of political than of economic character, that is why its implementation is delayed. "The fact that Azerbaijan did not receive benefit from the contract and the political games around it continue, is the additional destabilizing factor", he considers.

Mutalibov also says that the information that he allegedly prevented Heydar Aliyev's from coming back to Azerbaijan is absolutely false. He said that last time he met with him in January 1990 in Moscow. During the meeting Mutalibov invited Geydar Aliyev to Baku, guaranteed him security and promised to give him the house and dacha. But Geydar Aliyev refused.

Mutalibov rejected the opinions that he is the man of Moscow. "I am in Russia, in Moscow, but I am refugee. Khomeini, who conducted the Islamic revolution in Iran, was not reproached of his living in Paris", he mentioned. He said that he was forced to leave his Motherland, since his life was under the threat. Mutalibov says that his life in Moscow is like the life of a person, who does not have the job and the place to live in. "I did not have and do not have now any contacts with Russia's official circles and I have no support", he noticed. Mutalibov thinks that Moscow is a large geopolitical centre. "One must realize that Russia is a great power and it is a mistake not to take it into consideration. Elchibey made such a mistake and Aliyev makes it now", Ex-president mentioned.

Mutalibov mentioned that he is not a pensioner and intends to wage the political struggle. "I believe in my powers, I will bring Azerbaijan out of its crisis, there will be no war, blood and losses", he said. Ex-President called upon the people trusting in him to unite under the flags of the CU, which is also can be considered the People's Congress. "I will continue my struggle", Ex-president mentioned.

People's Front Official Interviewed on Human Rights

954K0472C Baku AZADLYG in Azeri 13 Dec 94 p 3

[Interview with Ali Mustafayev, deputy chairman of the APF Human Rights Commission, by Suleyman Osmanoghlu: "If Human Rights are Considered the Highest Law..."]

[FBIS Translated Text] On 10 December 1948 the UN passed the general declaration on human rights. This date is marked annually as Human Rights Day. This is also the subject of our conversation with Ali Mustafayev, deputy chairman of the Azerbaijan People's Front [APF] Human Rights Commission.

[Osmanoghlu] Are human rights protected in Azerbaijan?

[Mustafayev] As opposed to declarations by government representatives there are a significant number of instances of human rights violations. Facts of the persecution and imprisonment of citizens for their allegiances and political beliefs, being fired from their jobs and the censorship of the democratic press are realities of our time. Persecution and pressure directed against representatives of the APF and other democratic organizations are constant. Our commission is collecting concrete facts on this and, when there is enough information, it will be turned over to international organizations engaged in this issue.

Although the Azerbaijani state, as one of the signatories to the Paris Charter, is compelled to act in accord with all principles related to human rights, the reality is the opposite. One would never see in a normal country a situation where the building of a political organization is "arrested." The fact that a building belonging to as influential an organization as the APF has still not been returned serves to limit its activities. And the falsified criminal affair which has been raised about this, as we know, remains unconcluded.

[Passage illegible]...there are sufficient facts on the blatant and continual violation of rights. No state organization other than the International Red Cross and the Red Crescent is interested in the question of curing a sick convict. Other than this, the military insurrectionists who attempted to take over the state on 4 June 1993 and started this action with the parliament, in other words, Suret Guseynov and his supporters, raised a criminal matter about state representatives who had to speak against this state takeover, and they made arrests. The blatant violation of the human rights of individuals by a court officially representing the state in connection with the June 1993 uprising and taking them before the court is obvious. It is an example of illegality, legal nihilism.

[Osmanoghlu] What are the concrete activities of organizations engaged in the protection of human rights in Azerbaijan?

[Mustafayev] Basically, Helsinki Watch, the UN Human Rights Commission and other international organizations act most intensively in countries where human rights are systematically violated. Regrettably, Azerbaijan is also a place where human rights are often violated. A number of the human rights violations we have mentioned have not escaped the scrutiny of these organizations, and it is only natural that the international influence and image of the country suffers. In connection with this, the opinions of Shetpok, the deputy Secretary of State of the USA have a certain importance for our country. According to him, the level of the guarantees of human rights, freedom of speech and the press in these countries determines the relations of the U.S.A. with them. These organizations concentrate on these facts, send them to international organizations and communicate them to the international public through the media.

As is known, the international organizations I have mentioned, along with the public, played a basic role in the release from prison of Isa Gember, Ali Karimov and a number of others whose names I have not mentioned.

[Osmanoghlu] Are the activities of the organizations engaged in human rights in Azerbaijan giving the desired results?

[Mustafayev] These organizations basically operate from within opposition parties although one operates independently. Commissions connected with the defence of human rights exist in the APF and the Musavat Party. Because normal conditions have not been created for these commissions and organizations it has been impossible for them to obtain the desired results. At the same time, these organizations have only been formed recently, and have only recently created ties with international organizations. I hope that in the near future organizations which will engage seriously in the protection of human rights in Azerbaijan will be organized and take basic steps in preventing legal violations in any form.

Georgia

Political Implications Linked to Murders

954F1471A Moscow MOSCOW NEWS in English No 5, 3-9 Feb 95 p 6

[Article by Akaky Mikadze, MN Bureau, Tbilisi: "Generals' Assassination Has Political Implications"]

[FBIS Transcribed Text] The January 25 shooting of Georgian generals Georgi Karkarashvili and Paata Datuashvili in Moscow bears one more witness to the fact that someone is clearing his way to the political Olympus.

Karkarashvili, 28, completed the Tbilisi Artillery School. He received his first baptism of fire in Afghanistan, then served in the Western Group of Forces, and in the late 1980's commanded a company in Akhalkalaki on the Georgian-Turkish border. In 1990 he was demobilized from the Soviet Army in the rank of captain and joined the process of building up the national armed forces. At the time of the conflict in South Ossetia he was wounded for the first time. Also there he made the acquaintance of would-be Minister of Defense Tenghiz Kitovani, who subsequently invited him to take part in the formation of the National Guard. The White Eagle battalion that Karkarashvili formed became the backbone of the National Guard and had a crucial part to play in overthrowing the Zviad Gamsakhurdia regime.

Kitovani then sent Karkarashvili to be in command of all the armed groups in the Tskhinvali area. Lieutenant-Colonel Datuashvili was appointed his chief of staff.

In February 1992 Karkarashvili commanded the march on Abkhazia. His detachments advanced as far as the River Psou on the border between Russia and Georgia. The commander solemnly had a drink of water from that river. But, complying with the Abkhazians' demands, the government forces left Abkhazia after a presence of two weeks.

However, a few months later the Zviadists stepped up their activities in Western Georgia. Georgia's State Council instructed Kitovani to protect transport communication lines from Adler to Samtredia. At a conference in Samtredia the first rupture occurred between the defense minister and Karkarashvili. The latter was opposed to the introduction of the National Guard into Abkhazia and even refused to command the operation. But the minister stuck to his guns and on August 14, 1992, the military campaign began. The question of the Georgia-Abkhazia war was a foregone conclusion. Three days later Karkarashvili and his battalion came to Kitovani's rescue.

Also at that time Karkarashvili, speaking on Abkhazian TV, said: "If the Abkhazian side is ready to sacrifice all the 100,000 of its people in this war, Georgia will not retreat from such losses either. However, nothing will be left from them whereas the five million-strong Georgian people will survive all the same." In his view, this argument had to compel a halt to the senseless bloodshed. However, those whom he addressed decided that the general was calling for genocide against the Abkhazian people.

In the winter of 1993 the 26-year-old general was appointed head of a department of the National Guard. Discontent with Kitovani was already brewing in political quarters by that time. In May 1993 the parliamentarians ran out of patience. On May 6 the young general was appointed the new minister of defense.

Karkarashvili's resignation which followed after the defeat in the Abkhazian war had been preceded by other events. First and foremost, there was a struggle between different factions for influence on the head of state. A crucial moment, it is believed in some political circles, was Igor Georgadze's appointment as chief of the security service.

At the time of Shevardnadze's attempt to resign in September 1993 Karkarashvili named several people from the parliamentary rostrum, including Kitovani and Georgadze, who were doing their utmost to secure the removal of the head of state. And he publicly threatened: "All of them will be punished." The defense minister's demarche had its effect—Kitovani called Shevardnadze's office and apologized.

However, the post of chief of the state security service was still given to Georgadze, a professional security officer and son of Panteleimon Georgadze, a general of the Soviet Army and the leader of present-day Georgian communists. After the disbanding of the local KGB Igor Georgadze went over to Kitovani as chief of the counterintelligence service and used to be his right hand. However, when the ministry was headed by Karkarashvili, Georgadze together with his special troops moved into the Ministry of Internal Affairs without consent from the defense minister. At that time it became possible to stave off confrontation.

Of late there have been at least five terrorist acts in relation to Karkarashvili. Two or three days after the assassination in Tbilisi of Georgi Chanturia, Russian and Georgian media reported that en route to the Vnukovo airport an armed assault was made on Georgia's former defense minister Georgi Karkarashvili, who was killed on the spot. That communication turned out to be a canard, but to this day nobody can say for sure what sources the agencies used when circulating this kind of information.

The opposition parties tried to win him over to their side, but in vain. Although Karkarashvili maintained friendly relations with many politicians, including even the late Chanturia. He specially flew to Tbilisi to attend Chanturia's funeral.

In his traditional radio interview on January 30, Shevardnadze said: "The versions which the Russian and local press write about are not based on serious arguments." On the other hand, there is firm conviction in Tbilisi that once against the investigation will fail to find the assassin. But many have no doubts about the following: the shooting of the generals had been carefully prepared for a long time. And those for whom General Karkarashvili could have become an obstacle in their way to power were interested in this.

Commission Set Up To Introduce New Currency

AU2802103995 Tbilisi KAVKASIONI in Georgian 23 Feb 95 p 1

["Edict of the Georgian Head of State on the Creation of the State Commission for the Introduction of the National Currency"—issued in Tbilisi on 21 February]

[FBIS Translated Text] The political stability that has taken shape recently in the country, the significant positive shifts in the economy, the financial support given by the IMF and the World Bank, and the improvement in the climate for investment are creating real opportunities for the introduction of a fully fledged national currency—the lari. In this regard:

1. A State Commission for the Introduction of a National Currency is to be formed and made up of the following persons:

Eduard Shevardnadze—commission chairman, Georgian head of state;

Otar Patsatsia—Republic of Georgia prime minister;

Temur Basilia—Republic of Georgia deputy prime minister;

Nodar Javakhishvili—Republic of Georgia National Bank president;

Jamlet Babilashvili—Republic of Georgia procurator general;

Igor Giorgadze—head of the Republic of Georgia State Security Service;

Davit Iakobidze—Republic of Georgia minister of finance;

Vladimer Papava—Republic of Georgia minister of economics;

Leri Gigineishvili—chairman of the Republic of Georgia Socioeconomic Information State Committee;

Tevdore Ninidze—Republic of Georgia minister of justice;

Shota Kviraia—Republic of Georgia minister of internal affairs;

Petre Bakradze—deputy head of the Apparatus of the Georgian Head of State.

2. The State Commission for the Introduction of the National Currency (T. Basilia, N. Javakhishvili) is entrusted with submitting the rules of the Commission for ratification within 10 days.

[Signed] Eduard Shevardnadze

Estonia

Parliamentarian Confirms Nation's Wish To Join NATO

WS2702133995 Tallinn BNS in English 0850 GMT 27 Feb 95

[FBIS Transcribed Text] Tallinn, Feb 27, BNS—Parliament Chairman Ulo Nugis, at the ceremonial hoisting of the flag to mark Estonia's Independence Day on Friday [24 February], reaffirmed the Baltic nation's wish to join European security structures and the North Atlantic Treaty Organization.

"Learning from history, we must acknowledge that we cannot defend the Estonian state without the help and support of the rest of the world. This makes understandable why we are seeking to move closer to Western economic, political, and security organizations," he said.

Nugis stated that accession to the European Union and NATO was going to take time, but that Estonia "must not lag behind other East and Central European countries" in this process.

"The world must realize that our security represents the security of the entire Europe," the parliament speaker emphasized.

He also assured that Estonia's economy was moving upwards.

Nugis, who heads the Rightists' election slate, named property relations as the present key problem of Estonian economy. "All property that can be returned must be given back to legal owners or their heirs quickly and without bureaucratic restrictions. Also most of the new wealth created after the war must pass into private hands," he claimed.

Former Minister Warns of Turn to Left, Former Communists

WS2802123395 Tallinn ETA in English 0758 GMT 28 Feb 95

[From 28 Feb PAEVALEHT, EESTI SONUMID p.1,3; "News Bulletin" No. 43/95]

[FBIS Transcribed Text] Last opinion polls showed voters' preference belonging to the electoral union of Coalition Party and Rural People's Party (KMU). Ex-Prime Minister Mart Laar sees this election prediction to mean a turn to the left and the former communists' return to power. Laar called recently on the right-wing political powers to cooperate before elections, now he issues a warning and calls all national forces to support the political parties that have real chance to gain seats in the next Riigikogu [parliament]. Laar compared the predicted KMU election win with the situation in Central Europe, where a turn to the left has taken place. "Estonia's international reputation and integrity could be damaged irreparably. Our economic and political development would slow down as would also the integration process with EU", Laar warns. "Fatherland" leader also predicts less foreign investments in future, resulting in larger unemployment number and lower living standard.

"Fatherland" has not yet made a formal cooperation proposal to other right-wing political forces. Indrek Kannik from "Right-wing" doubts the realization of Laar's proposal, as it would mean cutting down other rightwing powers' opportunities. Kannik told that "Right-wing" sees KMU as a potential coalition partner after the elections, a similar possibility has been expressed also by the Reform Party. At the same time Mart Nutt from "Right-wing" has declared that if KMU would join forces with Centre Party, then the "Rightwing" would be in opposition.

Today's EESTI SONUMID comments Laar yesterday's warning saying it was also a warning to the rightwing forces for an alliance with KMU. The paper says the effect of the warning to be an absolute zero, as both the voters who remember clearly Laar's government nor the politicians from rightwing parties are expected to take it seriously. So the Laar's warning is only damaging Estonia's reputation, as many Western observers could take this cry for real. Actually, the parties in Estonian political scene could not be clearly divided to right and left side. Estonia has a clearly leftist party - Estonian Democratic Labour Party, but the others' places on the political scale are nearly impossible to determine, their views being very similar to each other. EESTI SONUMID sees Laar's step as a game with the state integrity. Electoral fight is sometimes rough, but the politicians involved in it should really know how far they could go, the paper concludes.

Coalition Party, Rural Union Take Lead in Race

WS2702161395 Tallinn BNS in English 1406 GMT 27 Feb 95

[FBIS Transcribed Text] Tallinn, Feb 27, BNS—If Estonian parliamentary elections had been held a week ago the Coalition Party and Rural Union election coalition would have emerged as the winner taking nearly half of the seats, shows a pre-election poll the EMOR market and opinion research agency conducted Feb. 13-18. The results were published in Monday's [27 February] issue of the EESTI SONUMID daily.

The poll showed that the coalition would get 30 percent of votes. Central bank governor Siim Kallas' Reform Party came second with 15 percent and the Center Party was third with 13 percent. The Moderates, the Pro Patria and National Independence Party Union, and the Right-Wingers barely made it across the election threshold with, respectively, seven, six, and six percent.

Election unions Justice, Our Home Is Estonia!, Fourth Power, and Better Estonia-Estonian Citizen, as well as six small parties all failed to cross the five-percent threshold.

Pro Patria Chairman Mart Laar voiced concern over the poll results.

"If this should become reality, the Coalition Party and Rural Union would lead Estonia into a similar turn to the left as has happened in several other Central and East European states. Estonia's international reputation and credibility may receive an irreparable blow. Certainly our economic and political development would slow down and our accession to European economic and security structures would be checked," Laar told BNS.

In Laar's opinion, "to avert such an election outcome," all nationalist forces should rally round those parties that have a real chance of making it to the parliament. "There's no sense in the voters wasting their votes on small parties and thereby letting the former functionaries come to power," he said.

Lithuania

Baltic Defense Ministers' Agreements Reported

LD2702150295 Moscow ITAR-TASS in English 1448 GMT 27 Feb 95

[By ITAR-TASS correspondent Vladas Burbulis]

[FBIS Transcribed Text] Vilnius February 27 TASS—"The agreement on cooperation in defence and military relations" is the title of the main document that was signed here on Monday [27 February] at a one day meeting of heads of the defence ministries of the Baltic countries. The document was signed by Latvian Defence Minister Janis Arveds Trapans, Lithuanian Defence Minister Linas Linkevicius and Estonian Defence Minister Ann Tupp.

This means that from now on the Baltic countries will be coordinating their activity in the implementation of NATO's "Partnership for Peace" programme, in creating a joint peace-keeping battalion "Baltbat" and will be acting jointly in the event of conflict situations in the region. They will also expand coordination to protect land, sea and air borders.

Two more documents were also signed: "The plan for cooperation of defence structures of Latvia, Lithuania and Estonia in 1995" and "The joint message to ambassadors of NATO countries in the Baltic states regarding their assistance to consultations in connection with possible membership in NATO".

The participants in the meeting said at a joint news conference that the agreement on cooperation in defence and military relations planned for a long period does not mean at a military pact of the baltic states is formed. It is not directed against any country, but merely emphasises the striving of Riga, Vilnius and Tallinn closer to coordinate their actions on the road to integration into West European defence, economic and political structures. They also noted that "at present there is no immediate threat to Baltic states from Russia. However, the events in Chechnya show that Moscow's policy can hardly be predicted".

The defence ministers of the Baltic countries were received by Lithuanian President Algirdas Brazauskas on Monday.

Defense Minister on Baltic Meeting

LD2702181795 Vilnius Radio Vilnius Network in Lithuanian 1415 GMT 27 Feb 95

[FBIS Translated Text] Enn Tupp, Janis Arveds Trapans, and Linas Linkevicius, Estonian, Latvian, and Lithuanian defense ministers, held a working meeting in Vilnius today. Journalists were informed about the results of the meeting at a news conference. Leonora Abraityte has a report.

[Abraityte] The signing of the agreement on cooperation in the sphere of defense and military relations was the most important result of the Baltic countries' defense ministers' meeting. A plan for cooperation between defense structures of Estonia, Latvia, and Lithuania for 1995, and a joint letter to NATO on assistance in the consultation sphere, was also signed.

Speaking at a news conference, Lithuanian Defense Minister Linas Linkevicius said:

[Begin Linkevicius recording] This agreement better defines the priorities in our relations and points out the most important issues. That is why there are 17 points in this agreement that define one or another aspect of our cooperation. Our priority issues were separately discussed both during our meeting and the meeting with President of the Republic, Algirdas Brazauskas.

I will single out two main issues that were discussed. The first is our joint actions and cooperation with regard to integration of our defense system into NATO. What we should do, what issues, in our opinion, are the most important, in which areas perhaps our cooperation is not yet sufficient.

Another area is cooperation of the Baltic countries with several specific fields being singled out, such as a program for setting up the Baltbat [Baltic battalion]; how it is being implemented, successfully or not, and where the reserves are; coordination in setting up the system of airspace control; cooperation between navy flotillas and their participation in joint exercises, which will take place for the first time this year.

As you know, we participated in BaltOps [as heard] in 1993, 1994, 1995, and we will take part in other exercises. Three countries, perhaps for the first time, will coordinate their activities prior to the BaltOps this year, and we hope that these exercises will be trilateral.

We also spoke about search and rescue exercises in three countries, coordination of various points in the Individual Partnership Program. All the three countries, as you know, have already prepared [their own programs], but there are also possibilities to use all that for trilateral cooperation.

Defense structure visits in various levels, as well as other questions have been discussed.

This meeting is, in our opinion, especially important and it brought about concrete results. [end recording]

[Abraityte] Janis Arveds Trapans and Enn Tupp, defense ministers of the Latvian and Estonian Republics, also assessed the interministerial agreement as a particularly important event of historical significance.

However, this is not a treaty on a defense alliance, which would be beyond the limits of competence of ministers, answering journalists' questions the ministers said. However, it is the first agreement of such kind in the history of the Baltic states. According to Minister Linas Linkevicius, this is the only way to draw closer to the European military structures.

Slezevicius on Results of Visit to Moscow

LD2702175995 Moscow INTERFAX in English 1646 GMT 27 Feb 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] Lithuanian Premier Adolfas Slezevicius said the Lithuanian government would seek normal political and economic relations with Moscow and developing mutually beneficial trade with Russia.

He stressed that Lithuania would continue considering its admission to the EU [European Union] and NATO as one of the priorities in the foreign policy.

Commenting on the results of his visit to Moscow, Slezevicius told an Interfax correspondent that the documents signed during his meeting with Russian Premier Viktor Chernomyrdin could not be regarded as economic integration between Russia and Lithuania.

Slezevicius said Lithuania would be seeking integration with Western structures while normalizing mutually beneficial trade relations with Russia "which is necessary for both parties." He said he hoped that the drafting of the treaty on Lithuania's associated membership in the EU would be completed early this week.

IF Note: The Russian and Lithuanian premiers agreed during their meeting in Moscow on Friday to create an inter-governmental commission in trade-economic, scientific-technical and cultural cooperation. Three intergovernmental agreements were also signed, including those on cooperation and mutual assistance in the customs sphere, on the border regime and on mutual visits of Russian and Lithuanian residents.

Slezevicius said his meeting with Chernomyrdin was "constructive and friendly and it should mark the beginning of a new stage in Lithuanian-Russian relations."

He said progress had also been achieved as far as establishment of the state border, return of money of Lithuanian investors placed into the Vneshekonombank and Russian Savings Bank and Lithuanian archives were concerned.

Slezevicius said Lithuania and Russia had also agreed on possible participation of Russian companies in modernizing the Mazeikiai oil enterprise, building an oil terminal, delivering Lithuanian electric power to the Kaliningrad Region, etc.

Commenting on the statement against Lithuania rushing to become a NATO member made by Chernomyrdin, Slezevicius said the "position of Lithuania remains unchanged: Lithuania has stated its willingness to join the alliance and will do its best to reach this strategic goal." IF Note: Chernomyrdin told journalists after his talks with Slezevicius that he did not think Lithuania could become a NATO member on the very next day. He said, "All in its own time." Chernomyrdin repeated that Russia objected to the Eastern European and Baltic countries forcing their joining NATO. He said this could lead to a split on the continent possibly becoming divided into two conflicting camps as it had been before. At the same time, Chernomyrdin said Russia was ready to cooperate with NATO within the scope of the Partnership for Peace program.

Slezevicius said that a Lithuanian official delegation would arrive in Moscow to take part in celebrating the fiftieth anniversary of the Victory over fascism in Moscow on May 9. However, he declined to make known the level of the delegation. He said war veterans coming to Lithuania to visit war places and monuments would not have to pay for visas during the celebration.

Landsbergis News Conference on Security Issues

LD2702150595 Vilnius Radio Vilnius Network in Lithuanian 1000 GMT 27 Feb 95

[FBIS Translated Text] Lithuania's national security and the hostility of Russian officials toward the idea of security in Europe was the topic of a news conference held at the Lithuanian Seimas today. Here is Guoda Salciute with the details:

[Salciute] A news conference was held by Vytautas Landsbergis, leader of the right-wing opposition. Although he agreed with the statement made by President Algirdas Brazauskas in his annual report to the Seimas, which said that Lithuania must be better prepared for possible changes in Russia, Landsbergis nevertheless asked how this preparation should be carried out.

There are two ways to get ready. The first is to have strategic and tactical plans and to ensure a sufficient supply of armaments; the second is to ensure a sufficient supply of soap, Landsbergis noted ironically.

In his opinion, the Lithuanian authorities and the Seimas' National Security Committee have thus far been leaning toward the second option. The Lithuanian Army did not acquire anything last year, and it is deployed at the wrong locations. The Seimas' National Security Committee, which Landsbergis believes is the most harmful structure, succeeded in reducing the budget funding for national defense.

Yet another issue touched upon at a news conference was Russian military transit via Lithuania. Lithuanian authorities maintain that this problem has been resolved, while Landsbergis thinks that the military transit is a noose around Lithuania's neck, and it is highly detrimental if only for the reason that it diminishes the prospects for finding international security guarantees in Europe. The leader of the right-wing opposition made this conclusion having analyzed information received both from the East and the West.

A statement by Landsbergis, chairman of the Homeland Union, on the Russian officials' hostile attitude toward the idea of security in Europe was disseminated at the news conference.

The expansion of the security zone in Europe, as defined by NATO—especially toward Central Europe together with the Baltic States—is persistently opposed through various methods by the current Russian authorities, the statement stressed.

One of the recent attempts to intimidate the West was made by the Belarusian president, who announced Belarus' withdrawal from the Treaty on the Reduction of Conventional Weapons, with the poor excuse that Poland and Lithuania may someday become members of NATO. Another utterance was made by Russian Federation Council Chairman Vladimir Shumeyko who, in describing NATO, presented it as a hostile bloc for the first time.

It is easy to predict that Russia will take the same path of political pressure and, maybe, even worse steps than those taken in 1940, and it will interpret links between the Baltic countries and NATO as a policy hostile toward Russia. This demagogy will have to be categorically rejected, as any other manifestation used to justify Russia's veto.

The wish of Central European countries, Lithuania, and other Baltic states to guarantee their security and welfare is natural, legitimate, and not directed against anyone. We would like to expect that the West will adopt the same point of view on this, the statement by Homeland Union Chairman Landsbergis reads.

Remaining 109 Asian Refugees Deported

WS2702155695 Tallinn BNS in English 1406 GMT 27 Feb 95

[FBIS Transcribed Text] Vilnius, Feb 27, BNS—The last of 109 Asian refugees who were held nearly three weeks at a detention center in the city of Klaipeda have been deported from Lithuania, the daily LIETUVOS RYTAS said Thursday [23 February].

The group was detained Feb. 3 at a farm in western Lithuania. 80 of the illegal immigrants were deported from the country about two weeks ago, others waited until this week for their deportation documents to be prepared. The deportation of 109 illegal immigrants cost Lithuania 15,000 lits (USD3,750).

Two Lithuanians arrested on suspicion of bringing the group to the country are under investigation. Police are searching for one more suspect.

The refugee smuggling business flourishes in Lithuania with the help of corrupt customs and border police officials, LIETUVOS RYTAS said.

It is supposed that around 5,000 refugees are in the neighboring Belarus waiting to be secretly transported to the West via Lithuania.

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